Annual Report 2025

20 Years as a Listed Company

بسم الله الرحمن الرحيم

This report comprises the Annual Report of State Trading Organization plc prepared in accordance with the Companies Act (07/2023), listing rules of Maldives Stock Exchange, Maldives Securities Act (02/2006), Securities (Continuing Disclosure and Obligations of Issuers) Regulation (R-1050/2019) of Capital Market Development Authority and Corporate Governance Code of Capital Market Development Authority requirements. Unless otherwise stated in this Annual Report, the terms 'STO', 'Company', 'Group', 'we', 'us' and 'our' refer to State Trading Organization plc and its subsidiaries, associates and joint ventures collectively.

STO prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). References to a year in this report are, unless otherwise indicated, references to the Company's financial year ending 31st December 2025. In this report, financial and statistical information is, unless otherwise indicated, stated based on the Company's financial year. Information has been updated to the most practical date. This Annual Report contains statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and STO plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. STO cannot guarantee future results, levels of activity, performance or achievements.

Contents

Introducing the Report Theme	3
About STO	4
Shares held in companies	5
Chairman's Report	6
Share Performance	7
Message from CEO	11
Our Business Model	14
Business Report	17
Financial Review	39
EVOLVE Summary	46
Corporate Governance Report	50
Sustainability Report	92
Summary of Audited Financial Statements	175

Shaping Tomorrow TODAY

Shaping Tomorrow, Today. STO Annual Report 2025

Theme Description

Twenty-five years ago, STO took a defining step, opening its doors to public shareholders and cementing its place not just as a state institution, but as a company belonging to every Maldivian. That milestone marked a new chapter of transparency, accountability, and shared prosperity. As we mark this silver anniversary on the Maldives Stock Exchange, our 2025 Annual Report theme – Shaping Tomorrow, Today is both a celebration of how far we have come and a declaration of where we are headed.

A quarter century of being listed is a testament to trust. Trust built through consistent performance, responsible governance, and a steadfast commitment to the people and the nation we serve. From petroleum to pharmaceuticals, from construction materials to consumer essentials, STO has grown alongside the Maldives, evolving, diversifying, and deepening its roots in every corner of the country.

Anniversaries are not just moments to look back, but the also pave the road to the future. Shaping Tomorrow, Today reflects STO's conviction that the greatest chapters are still to be written. The foundations laid over 25 years of public listing the governance frameworks, the strategic partnerships, the digital investments, the expanded businesses are not endpoints. They are the platform from which STO now reaches forward.

Every decision we make today is an act of construction. Every investment, every innovation, every service delivered to the furthest atoll is a brick in the tomorrow we are building. As we celebrate 25 years of being a listed company, we do so not with nostalgia, but with momentum grounded in a proud past and energized by an ambitious future.

Shaping Tomorrow, Today is a call to action for our people, our partners, and our shareholders to be part of a story that has always been about more than commerce. It is about building a stronger, more resilient, and more prosperous Maldives, one step at a time.

Corporate Overview

STO Group is a leading conglomerate in the Maldives, playing a pivotal role in ensuring national resilience and economic development. With a diversified portfolio spanning fuel, gas, consumer goods, construction materials, medical supplies, insurance and shipping, STO is a trusted provider of essential products and services that support everyday life across the country. Guided by a strong sense of purpose, a commitment to sustainability, and a focus on innovation, STO continues to serve as a cornerstone of progress, empowering communities and driving growth across the Maldives.

Vision

'Enriching Lives.'

At STO, 'Enriching Lives' is more than a vision— it is the foundation of everything we do. It reflects our commitment to improving the quality of life for the people of the Maldives through reliable access to essential goods and services, innovative solutions, and sustainable development.

By placing community well-being, environmental stewardship, and inclusive economic growth at the heart of our operations, we strive to create long-term value for all our stakeholders.

Mission

'Expand through sustainable business practices, achieve customer excellence and encourage community engagement.'

We aim to grow in a way that balances economic success with environmental care and social responsibility, ensuring our operations create lasting, positive impact across the Maldives.

Purpose

To enrich lives by delivering essential products and services with excellence, driving sustainable growth, and pioneering innovations that benefit our community and beyond. We are committed to advancing economic development and ensuring a more prosperous future for everyone.

Strategy

At STO, our strategy is centered on sustainable growth, improving our core businesses and exploring and investing in potential sectors. We aim to solidify our position as a leader in essential sectors, including fuel, construction, and healthcare, while expanding into emerging markets like renewable energy and digital solutions.

Values

- Think Big
- Determined to Deliver
- Tech Driven
- Unified to Make an Impact
- Do Things Right

1964 — Athireemaafannu Trading Account (ATA) formed

1979 — Renamed to State Trading Organization (STO)

1983 — First Pharmacy Opened

1985 — Established Allied Insurance Company of the Maldives Pvt Ltd

1987 — First Electronics Showroom opened

1992 — First Supermart Showroom opened

1993 — First Easy Fill Fuel Station Opened

1997 — Established STO Maldives (Singapore) Pte Ltd

1999 — Established Maldive Gas Pvt Ltd

2000 — Established Maldives Structural Products Pvt Ltd

2000 — Established Fuel Supplies Maldives Pvt Ltd

2001 — Became a public listed company

2002 — Established Maldives Cement Company with Lafarge Zurich. However, later partnered with Raysut Oman

2003 — Established Maldives National Oil Company Ltd

2011 — All Island pharmacy project initiated

2020 — Established Maldives State Shipping Company Pvt Ltd

2020 — First ecommerce platform "Estore" established

2020 — First hypermarket was opened & the first Smart Store in Southeast Asia opened MIFCO left STO Group

2023 — Invested in the MIDFz and initiated international bunkering services in Ihavandhippolhu

2026 — 25 years as a public listed company

Shares held in Companies as at 31st December 2025

Allied Insurance Company of the Maldives Pvt Ltd

- 01st November 1985
- Insurance
- Maldives
- STO 99.99% & MGPL 0.01%
- Allied Building, 3rd floor, Chaandhanee Magu, Male' 20156, Maldives
  T: +960 3341001 E: 1600@allied.mv
  W: allied.mv

Maldives Structural Products Pvt Ltd

- 03rd October 2000
- Roofing material manufacturer
- Maldives
- STO 50% & Rainbow Enterprises 50%
- G. Marinespike Building, 2nd Floor, Alikilegefaanu Magu, Male' 20117, Maldives
  T: +960 3337720 E: msroof@dhivehinet.net.mv
  W: msp.com.mv

Maldives National Oil Company Pvt Ltd

- 06th October 2003
- Energy trade
- Maldives
- STO 99.99% & MSS 0.01%
- STO Head Office Building, Kan'baa Aisa Rani Hingun, Male' 20345, Maldives
  T: +960 3344333

STO Maldives (Singapore) Pte Ltd

- 30th November 1997
- Trading
- Singapore
- STO 100%
- #39-10, International Plaza, 10 Anson Road 079903, Singapore
  T: (65) 6324 4668 E: stosing@stomaldives.com.sg

Fuel Supplies Maldives Pvt Ltd

- 18th December 2000
- Fuel distribution
- Maldives
- STO 99.99% & Allied 0.01%
- FSM Building, Block A, 4th Floor, Boduthakurufaanu Magu, Male' 20026, Maldives
  T: +(960) 3336655 E: info@fsm.mv
  W: fsm.mv

STO Hotel & Resorts Pvt Ltd

- 7th February 2012
- Tourism Sector
- Maldives
- STO 99.99% & FSM 0.01%
- STO Head Office Building, Kan'baa Aisa Rani Hingun, Male' 20345, Maldives
  T: +960 3344209

Maldive Gas Pvt Ltd

- 30th November 1997
- Gas Distribution
- Maldives
- STO 90% & Champa Oil & Gas 10%
- #02-21 STO Trade Centre, 2nd Floor, Orchid Magu, Male' 20188, Maldives
  T: +960 3335614 E: info@maldivegas.com
  W: maldivegas.com

Raysut Maldives Cement Pvt Ltd

- 07th January 2002
- Cement manufacturer
- Maldives
- STO 25% & Raysut Oman 75%
- Faamudheyrige, 2nd Floor, 2A Magu, Male' 20209, Maldives
  T: +960 3315314 E: info@raysutmaldives.com
  W: raysutcement.om

Maldives State Shipping Company Pvt Ltd

- 04th February 2020
- Shipping Sector
- Maldives
- STO 99.99% & FSM 0.01%
- STO Head Office Building, Kan'baa Aisa Rani Hingun, Male' 20345, Maldives
  T: +960 3029200 E: info@stateshipping.mv
  W: stateshipping.mv

Maldives Industrial Development Free Zone

- 04th February 2020
- Industrial Development
- Maldives
- STO 20% MTCC 20% MPL 20% MACL 20% HDC 20%
- STO Head Office Building, Kan'baa Aisa Rani Hingun, Male' 20345, Maldives
  T: +960 3344383 E: corporateaffairs@midf.com.mv
  W: midfz.com.mv

Maldives Securities Depository Pvt Ltd

- January 2008
- Stock Exchange
- Maldives
- STO 20.64%
- H.Gadhamoo Building, 3rd Floor, Boduthakurufaanu Magu, Male', 20066, Maldives
  T: +960 3307878 E: info@depository.mv
  W: depository.mv

Maldives Stock Exchange Company Pvt ltd

- January 2008
- Stock Exchange
- Maldives
- STO 9%
- H.Gadhamoo Building, 3rd Floor, Boduthakurufaanu Magu, Male', 20066, Maldives
  T: +960 3307878 E: info@stockexchange.mv
  W: stockexchange.mv

Incorporated Date | Area of Business | Incorporated / Operated in | Shareholders | Registered Address

Chairman's Letter

2025 was a year of meaningful consolidation and bold forward commitment. We delivered a stable, profitable performance, advanced transformational infrastructure, and most significantly launched EVOLVE 2026–2030: a five-year strategic plan that sets out a disciplined, ambitious, and nationally-grounded roadmap for STO's next chapter."

Dear Shareholders,

On behalf of the Board of Directors of State Trading Organization PLC, I am pleased to present the annual report and audited financial statements for the year ended 31 December 2025.

The operating environment in 2025 remained demanding yet stabilizing. Global energy markets showed signs of stabilization during the year, and prices remained lower than last year however, it continued to be influenced by geopolitical developments and supply chain dynamics.

Domestically, fiscal consolidation, elevated public debt, and foreign currency constraints required disciplined financial and operational management. In this context, STO remained steadfast in fulfilling its national mandate, ensuring the uninterrupted supply of fuel, food, and essential medical products across the Maldives.

The Group delivered a stable financial performance, recording revenue of MVR 16.7 billion and net profit of MVR 785 million. Earnings per share increased by 1.4% to MVR 693, reflecting the resilience of the Group's underlying earnings capacity and the strength of its diversified portfolio.

During the year, the Board undertook key strategic actions to strengthen the Group's long-term positioning. A significant milestone was the divestment of STO Hulhumale' hotel property to the Housing Development Corporation Ltd (HDC), reflecting a deliberate step to rationalize the Group's portfolio and refocus on its core businesses. In parallel, the Board formally launched EVOLVE 2026–2030, a structured five-year strategic plan that sets a clear direction for strengthening core operations, driving diversification, and embedding digital and sustainable practices across the Company.

The Board also continued to reinforce governance and financial discipline. Focus was maintained on strengthening risk oversight, enhancing internal controls, and improving liquidity and working capital management. Net finance costs declined during the year, reflecting improved treasury discipline and more effective capital management.

The Board has recommended a dividend of MVR 85 per share for 2025, maintaining a consistent return to shareholders. Market confidence in STO strengthened during the year, reflected in a significant appreciation in share price and growth in market capitalization.

As a national enterprise, STO continues to play a critical role in supporting economic stability and community wellbeing. The Group maintained reliable supply of essential goods and services across the country, while progressively integrating sustainability considerations into its operations.

As we enter 2026, the first year of EVOLVE 2030 implementation, the Board remains confident in the Group's strategic direction. With strengthened governance, improved financial discipline, and a clearer focus on core businesses, STO is well positioned to navigate future challenges and deliver sustainable long-term value.

On behalf of the Board, I extend my sincere appreciation to the Government of Maldives, our shareholders, customers, and partners for their continued trust and support. I also thank our management team and employees for their dedication and commitment throughout the year.

AMIR MANSOOR
Chairman

Share Performance

Strengthening Market Confidence Through Performance and Value Creation

Performance Overview and Market Context

Global and regional conditions during 2025 reflected easing inflationary pressures and a gradual normalization of supply chains, while foreign exchange constraints persisted in several emerging markets. The energy market remained relatively stable compared to prior years, supported by improved supply and balanced demand, although prices continued to be influenced by geopolitical and logistics factors. Within this environment, STO delivered improved financial performance, supported by margin recovery, disciplined cost management, and strengthened execution across its core business segments.

STO's share price performance during the year reflected this improved operational and financial trajectory, alongside broader market conditions and investor sentiment.

The share closed at MVR 1,800 as at 31 December 2025, compared to MVR 1,098 at year end 2024, representing a 64% year-on-year price appreciation. During the year, the share traded within a range of MVR 1,100 to MVR 2,080, demonstrating controlled price movement within defined market conditions.

The weighted average traded price increased to MVR 1,730, compared to MVR 1,128 in 2024, reflecting sustained valuation strength and improved investor confidence throughout the year.

Market Capitalization and Value Creation

As at 31 December 2025, STO's market capitalization stood at approximately MVR 2,028 million (2024: MVR 1,335 million), reflecting the combined impact of share price appreciation and stable capital structure. This represents a significant increase in shareholder value during the year, driven by:

- Improved earnings visibility and financial performance
- Strengthened operational execution across core segments
- Continued recognition of STO's strategic role in national supply chains

The increase in valuation reflects a broader rerating of STO's fundamentals by the market, supported by sustained performance and long-term growth prospects.

Trading Activity and Market Participation

Trading activity during 2025 demonstrated a notable increase in investor participation:

- **Number of trades increased to 183** (2024: 43), representing the highest level in the six-year period
- **Total shares traded were 573 shares** (2024: 910 shares)

The significant increase in the number of trades indicates broader market participation and heightened investor engagement, despite lower overall volumes traded.

The weighted average traded price of MVR 1,730 reflects strong demand and sustained valuation levels throughout the year.

As with the broader Maldivian capital market, trading activity continues to be influenced by structural factors, including:

- Limited free float
- Concentrated ownership structure
- Overall market liquidity constraints

These factors continue to moderate trading volumes and contribute to relatively stable price movements.

Dividend Policy and Shareholder Returns

STO remains committed to delivering consistent and sustainable returns to shareholders, aligned with its profitability, financial position, and long-term strategic priorities.

For the financial year 2025, the Board of Directors has proposed a dividend of MVR 85 per share (subject to shareholder approval) at the Annual General Meeting scheduled for 16th May 2026.

This reflects our commitment to delivering consistent growth and enhanced returns for our shareholders

Strategic Execution and Long-Term Value Creation

During the year, STO continued to focus on strengthening its core operations and delivering sustainable value to shareholders through targeted strategic initiatives:

- **Operational efficiency:** Continued implementation of cost rationalization and procurement optimization programmes
- **Supply chain resilience:** Strengthened sourcing and logistics frameworks across energy, healthcare, and trading segments
- **Sustainability integration:** ESG considerations embedded into operational performance and reporting frameworks
- **Capital discipline:** Focused investment in high-impact initiatives aligned with long-term growth

These initiatives have contributed to improved financial performance and strengthened the Company's long-term value proposition.

Capital Market Engagement and Investor Communication

STO remained committed to maintaining transparent and consistent engagement with the capital market.

The Company continued to provide timely disclosures on financial performance, operational developments, and strategic initiatives, supporting informed investor decision-making.

The increase in trading activity and valuation during the year reflects improved market visibility and growing investor confidence in STO's long-term prospects.

Shareholding Structure and Ownership Distribution

STO maintained a stable and well-defined ownership structure:

Government of Maldives	919,869	81.6%
Companies	27,782	2.5%
Individual	163,079	14.5%
Associations / Funds	16,180	1.4%

The Government of Maldives continues to be the majority shareholder, providing strategic stability, while the remaining shares are held by institutional and public investors.

The relatively limited free float remains a key structural factor influencing secondary market liquidity.

Capital Structure Overview

Authorized Capital	200,000,000
Paid up Capital	56,345,000
No. of Shares Issued	1,126,910
Face Value	50

Governance Framework and Shareholder Rights

STO remains committed to maintaining high standards of corporate governance, transparency, and accountability.

Shareholders are provided with the opportunity to exercise their rights through participation in key corporate decisions, including:

- Approval of financial statements
- Declaration of dividends
- Appointment of Directors
- Appointment of External Auditors including their fees
- Other significant resolutions

The Company continues to comply with all regulatory requirements and applies best practices in governance to safeguard shareholder interests.

Annual General Meeting and Shareholder Engagement

The Annual General Meeting (AGM) for the financial year 2024 was held on 17th May 2025, at Barcelo Nasandhura, where all resolutions were duly approved by shareholders.

The AGM continues to serve as an important platform for:

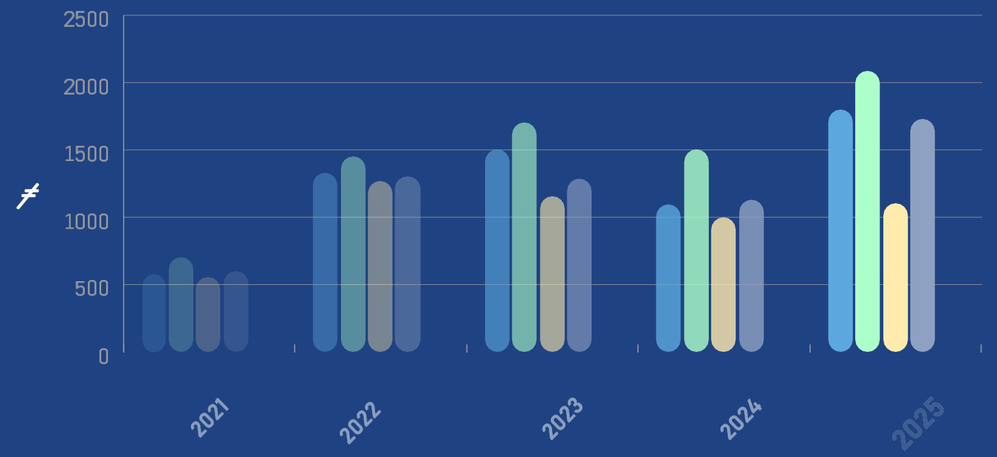
- Shareholder engagement
- Transparency and accountability
- Communication of strategic direction and performance

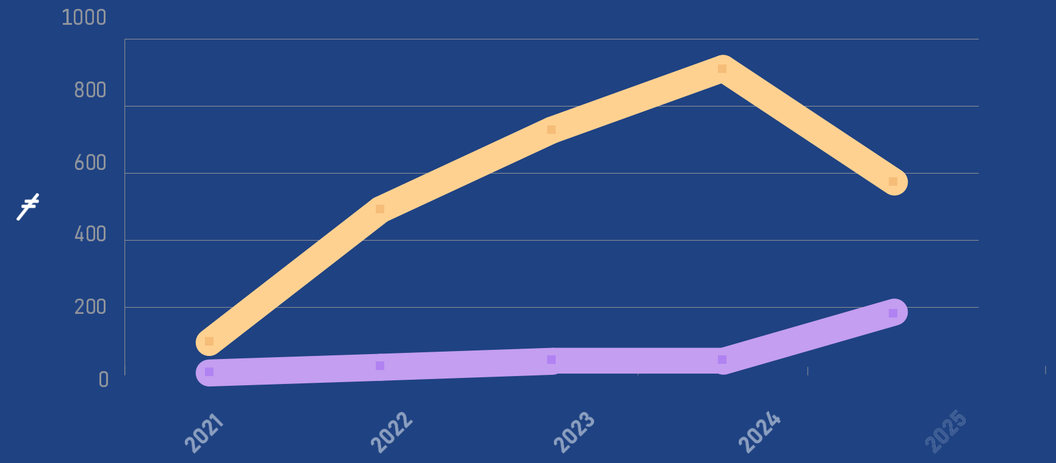
The AGM for the financial year 2025 is scheduled to be held in May 2026.

Share Trading Performance - Five-Year Historical Trend

Metric	2021	2022	2023	2024	2025
Last traded price (MVR)	581	1,330	1,500	1,098	**1,800**
Highest traded price (MVR)	700	1,450	1,700	1,500	**2,080**
Lowest traded price (MVR)	550	1,265	1,150	1,000	**1,100**
Weighted average price (MVR)	600	1,303	1,280	1,128	**1,730**
Market Capitalization (MVR Mn)	655	1,499	1,690	1,335	**2,028**

Number of shares traded	97	491	727	910	**573**
Number of trades	6	24	43	43	**183**





Share Performance Analysis (2021–2025)

STO's share trading performance over the past five years reflects a resilient trajectory, shaped by evolving market conditions, operational performance, and investor sentiment.

- **Strong price appreciation:** Share price increased by 64% in 2025
- **Sustained valuation strength:** Weighted average price reached MVR 1,730
- **Enhanced investor participation:** Record number of trades in 2025
- **Controlled market movement:** Trading within a defined range of MVR 1,100 to MVR 2,080
- **Market capitalization growth:** Significant recovery to MVR 2.03 billion

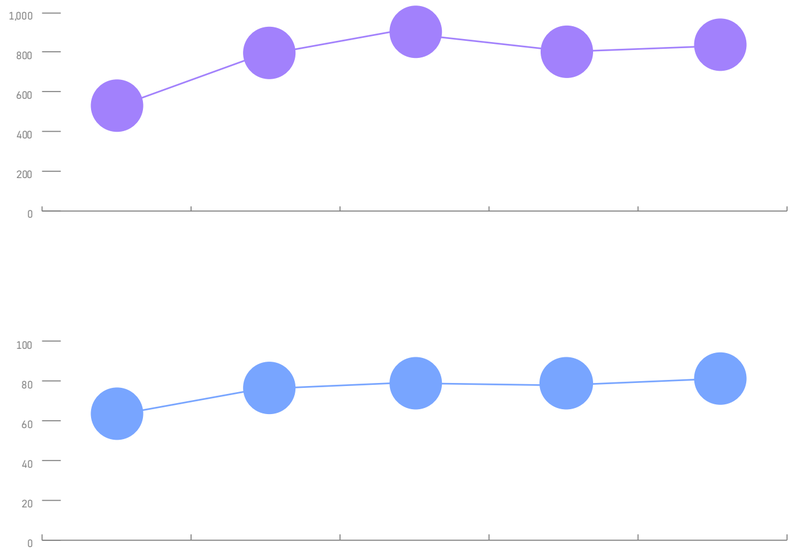
Investor Sentiment and Market Confidence

The improvement in share price and the significant increase in trading activity during 2025 reflect strengthening investor confidence in STO's financial performance and long-term outlook.

This positive sentiment is aligned with the Company's strategic direction, focused on delivering consistent performance, enhancing transparency, and creating sustainable shareholder value.

“We continue to strengthen shareholder confidence by combining strong financial performance with transparent governance and a future-focused strategy.”

Earnings and Dividend Performance (Company)



Metric	2021	2022	2023	2024	2025 (Proposed)
EPS (MVR)	432	646	726	658	**677**
DPS (MVR)	65	77	80	80	**85**

Outlook and Forward-Looking Priorities

Looking ahead, STO remains focused on strengthening operational performance, enhancing efficiency, and delivering sustainable value to its shareholders.

Share performance is expected to remain closely linked to:

- Financial performance and profitability trends
- Execution of strategic initiatives
- Market liquidity conditions
- Macroeconomic factors, including foreign exchange and interest rate dynamics

Key focus areas include:

- Advancing digital transformation initiatives
- Expanding sustainable product offerings
- Strengthening supply chain resilience
- Enhancing investor engagement and transparency

STO’s share performance in 2025 reflects a strong recovery in valuation, increased investor participation, and sustained confidence in the Company’s fundamentals.

The Company remains well-positioned to continue delivering long-term value to its shareholders, supported by its strategic importance, diversified operations, and disciplined financial management.

Message from CEO

Q1. In a challenging global environment, how has STO maintained stability and continuity of operations?

The operating environment in 2025 was shaped by inflationary pressures, foreign exchange constraints, and ongoing supply chain uncertainties. In such a context, maintaining stability required a combination of operational discipline, strategic prioritization, and a clear focus on our national mandate.

STO remained committed to ensuring an uninterrupted supply of essential goods and services across the Maldives. This required proactive supply chain management, strong coordination across business segments, and timely market interventions where necessary. At the same time, we maintained financial discipline, enabling the Group to deliver stable performance despite external pressures.

This balance between commercial resilience and national responsibility continues to define STO's operating model.

Q2. How do you assess the Group's performance in 2025, both financially and operationally?

STO achieved a remarkable financial performance in 2025, recording revenue of MVR 16.7 billion and profit after tax of MVR 785 million, supported by strong contributions from the energy segment and disciplined cost management.

Operationally, in general, the Group maintained stability across all core segments while continuing to fulfill its expanded national mandate. This included ensuring fuel security, stabilizing food supply, and supporting the healthcare system through consistent availability of essential medicines.

Despite a marginal revenue decline of 0.5% attributable to fuel price movements, costs discipline remained strong across the Group with net finance cost reducing by 16% reflecting active financial management. Overall performance reflects the strength of the Group's diversified portfolio and its ability to operate efficiently in a constrained environment.

Q3. STO has made significant investments during the year 2025. What is the strategic rationale behind these initiatives?

The investments made during the year were fundamentally aligned with strengthening national energy security and improving operational efficiency.

The timing of these investments reflects a response to the structural vulnerabilities exposed by global supply chain disruptions and rising commodity prices in recent years. With demand for essential goods continuing to grow across the nation, the case for building more resilient and distributed infrastructure became both urgent and clear.

Projects such as the development of modular fuel stations, expansion of storage capacity, fleet enhancement through barge development, and the planned acquisition of a 25,000 MT tanker are designed to address structural constraints in distribution and logistics.

These investments are not only operational in nature but strategic in intent. They enhance supply reliability, reduce bottlenecks, and position STO to meet growing national demand more efficiently over the long term.

Q4. The Group has taken steps toward portfolio optimization. How does this align with STO's long-term strategy?

Portfolio optimization is a key component of STO's long-term strategy to enhance capital efficiency and focus on core operations.

The transfer of the Hulhumale' hotel project in exchange for strategically located land reflects a deliberate decision to reallocate capital toward areas that generate stronger long-term value. It also resolves a legacy issue and provides a platform for future infrastructure development.

Such decisions ensure that STO's capital is deployed in a manner that supports both commercial sustainability and national priorities.

Q5. STO's role in food security has expanded significantly. How sustainable is this model going forward?

Until 2025, STO was mandated to maintain 3 items as staple food including rice, sugar and flour. In September 2025, President Dr. Mohamed Muizzu announced that the cabinet approved including, 23 more items on the essential food items list and importing those in bulk through STO. Until the direction, STO usually played an "intervention" role when there were availability and price volatility issues. While these interventions are critical for ensuring availability and price stability, they place pressure on margins and increase working capital exposure due to global price volatility and foreign exchange constraints.

Sustainability will depend on transitioning from reactive intervention to a more structured supply model. STO is focusing on improving supply chain efficiency through proper planning, strengthened procurement strategies, and enhanced logistics and storage infrastructure and ultimately reducing costs. In parallel, efforts are underway to strengthen direct sourcing and reduce dependency on intermediaries.

I would like to highlight that despite all the challenges in the global economy, with the support of other importers, we concluded last Ramazan by maintaining a supply of essential food items at an affordable prices.

Going forward, STO will seek to balance its national mandate with commercial sustainability by combining targeted interventions with structural solutions that strengthen the overall food ecosystem.

Q6. To what extent is sustainability embedded in STO's strategic direction?

Sustainability at STO is increasingly aligned with a broader ESG framework, reflecting both its commercial objectives and national mandate. From an environmental perspective, investments in fuel infrastructure, storage optimization, and logistics efficiency contribute to improved resource utilization and lay the foundation for future emission reduction and carbon management initiatives. Fleet and supply chain enhancements in the shipping industry further support operational efficiency and reduce environmental impact.

From a social perspective, STO continues to ensure national access to essential goods, including fuel, food, and healthcare supplies, while advancing initiatives in domestic agriculture and poultry to strengthen long-term food security. The Group also maintains a strong focus on employee well-being, health and safety standards, and community engagement initiatives, recognizing its broader responsibility to society.

From a governance standpoint, the Group has strengthened operational controls, procurement discipline, and risk management frameworks, supported by system improvement and enhanced oversight across business segments.

The new Strategic Plan of STO – "EVOLVE 2030" is prepared by carefully considering ESG initiatives.

Q7. What are the key challenges for 2026, and how is STO preparing to address them?

The outlook for 2026 remains complex, with continued exposure to global price volatility, foreign exchange constraints, and evolving market dynamics. The situation was made worse with the US-Israel war on Iran, as rising fuel prices are creating significant inflationary pressure and disruption to global supply chain. As a result, there are adverse effect on both the profitability and liquidity ratios.

To address these challenges, we are focusing on strengthening core operations, further strengthening the financial management, investing in infrastructure and distribution network, and advancing digital capabilities.

We are confident that we could maintain supply of key essential items, such as essential food, fuel and construction materials, uninterrupted.

Q8. How do you see STO evolving over the medium to long term?

STO is entering a new phase of development, built on the foundations established in recent years.

The focus will be on strengthening core business performance, expanding into new growth areas, improving operational efficiency, and embedding sustainability and governance across major segments. At the same time, the Company will continue to play a pivotal role in supporting national priorities, particularly in key segments such as fuel, essential food and major construction materials.

With a clear strategic direction and continued investment, STO is well positioned to deliver sustainable value over medium and long term.

At the heart of STO's operations is a clear responsibility—to ensure the uninterrupted availability of essential goods and services across the Maldives.

SHIMAD IBRAHIM
CEO

Our Business Model

INPUTS

Financial Capital

Stable financial performance with strategic investments to support expansion and innovation.

Human Capital

A skilled and dedicated workforce of over 4,000 employees across diverse business areas throughout STO Group.

Intellectual Capital

Strong brand reputation, ERP systems (SAP S/4HANA), and proprietary digital platforms.

Manufactured Capital

Warehouses, retail outlets, terminals, construction plants, fuel barges, and storage infrastructure.

Social and Relationship Capital

Long-standing partnerships with global brands, suppliers, and national institutions.

Core Activities

ENERGY: National supplier of petroleum products and gas (via STO Energy, FSM, and Maldive Gas). International bunkering operations and fuel terminal infrastructure development.

Sales: MVR **11,688 million**

- Households (for LPG and fuel for generators)
- Government utilities and power stations (for electricity generation)
- Businesses and resorts (for operational fuel needs)
- Transport operators (buses, ferries, logistics)
- Aviation and maritime sectors (jet fuel and marine bunkering)
- International vessels (via bunkering operations)

GENERAL TRADING: Sale of consumer goods, electronics, appliances, and staple foods via STO People's Choice and regional outlets.

Sales: MVR **1,119 million**

- General public/households (groceries, appliances, electronics)
- Hotels and guesthouses
- Small businesses and retailers (B2B wholesale supply)
- Online shoppers (via eStore)

HEALTHCARE SOLUTIONS: Nationwide medical supply network (190+ pharmacies) offering pharmaceuticals, equipment, and consumables to healthcare institutions and individuals.

Sales: MVR **1,552 million**

- General public (via 190+ pharmacies nationwide)
- Hospitals and health centers (public and private)
- Clinics, laboratories, and diagnostic centers
- Ministry of Health, Family & Welfare and public procurement bodies
- NGOs and health-related projects

Value Creation

PROCUREMENT: Secures essential goods and services from global suppliers.

DISTRIBUTION: Nationwide delivery via retail outlets, fuel tankers, warehouses, and shipping lines.

INNOVATION & DIGITALIZATION: Invest in AI, automation, ERP (SAP S/4HANA), and customer- facing platforms.

CUSTOMER ENGAGEMENT: Ensures affordability, quality, and accessibility through strong customer service and regional presence.

GOVERNANCE & RISK MANAGEMENT: High corporate governance standards and transparent reporting.

SUSTAINABILITY FOCUS: ESG- aligned operations, alternative energy initiatives, and waste reduction efforts.

CONSTRUCTION SOLUTIONS: Distributor of ready-mix concrete, cement, construction equipment, elevators, paint, and other premium building materials.

Sales: MVR **718 million**

- Construction contractors and developers
- Government infrastructure projects
- Resort and hotel developers
- Homeowners and small-scale builders
- Engineering firms (for elevators, waterproofing, etc.)

INSURANCE: Through Allied Insurance, offering general, life, and takaful solutions with growing digital outreach.

Sales: MVR **875 million**

- Individuals (life, medical, vehicle, property insurance)
- Businesses (corporate and resort insurance products)
- Government entities and institutions
- Islamic customers (via Takaful products)

SHIPPING SERVICE: Operated by Maldives State Shipping (MSS), offering cargo, feeder, and NVOCC services across South Asia and beyond.

Sales: MVR **409 million**

- Importers and exporters
- Wholesale distributors and retailers
- Businesses dependent on regular cargo (e.g., construction, medical, food)
- Government agencies
- Regional ports and international trade partners

Main Customer Groups

Revenue

OUTPUT AND OUTCOMES

Reliable delivery of essential goods and services.

Regular and steadfast returns to shareholders (MVR 85 proposed for 2025 and MVR 80 in 2023 as dividend).

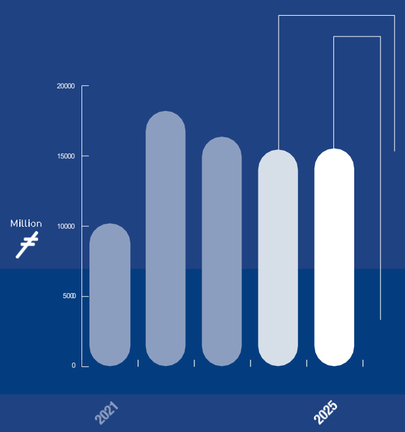
National infrastructure development and national economic contributions.

Job creation, vocational training, health and wellbeing and employee development.

Environmental stewardship through fuel efficiency, solar power, and ESG programs.

Community empowerment through education, healthcare access, training programs, and meaningful social impact initiatives (MVR 12.5m given back to the community in 2025).

Company Key Figures

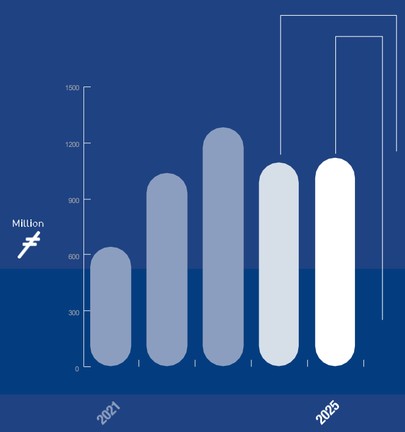


COMPANY REVENUE

15,449

+1%

15,545

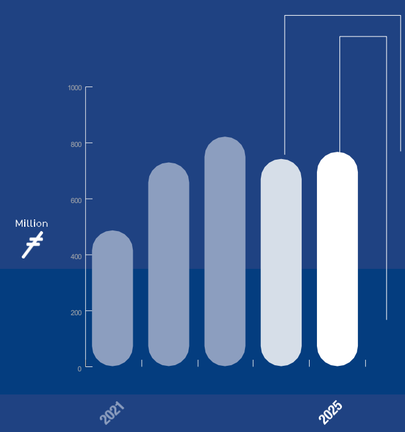


COMPANY OPERATING PROFIT

1,093

+2%

1,117



COMPANY PROFIT AFTER TAX

741

+3%

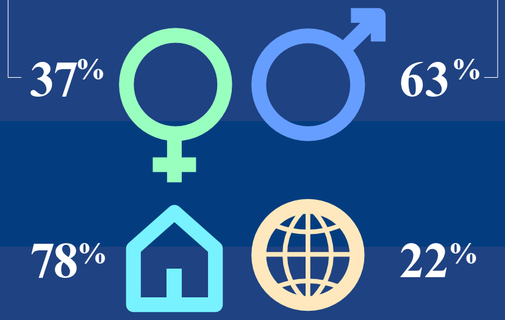
763

	2025	2024	2023	Target	Performance against target
REVENUE GROWTH	1%	-6%	-10%	>8% per annum	
GROSS PROFIT GROWTH	3%	-12%	23%	>5% per annum	
ROCE	9%	9%	12%	>10%	
NET DEBT TO EQUITY	1.24	1.56	1.42	1.60	
DIVIDEND PER SHARE (MVR)	85	80	80	75	

EMPLOYEES

66:34

2,500



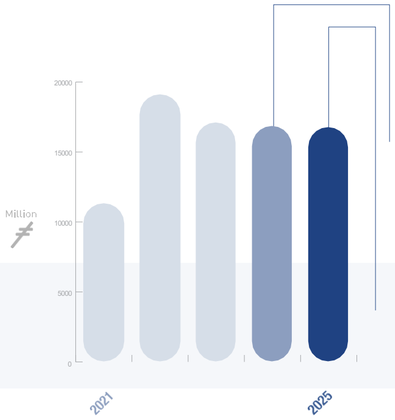
GENERAL TRADING
7%

HEALTHCARE SOLUTIONS
10%

CONSTRUCTION SOLUTIONS
5%

ENERGY
78%

Group Key Figures

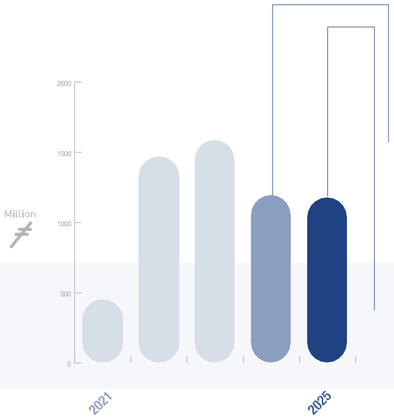


GROUP
REVENUE

16,760

-0.5%

16,683

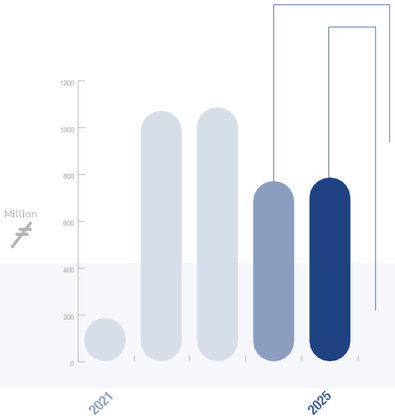


GROUP
OPERATING PROFIT

1,188

-1%

1,176

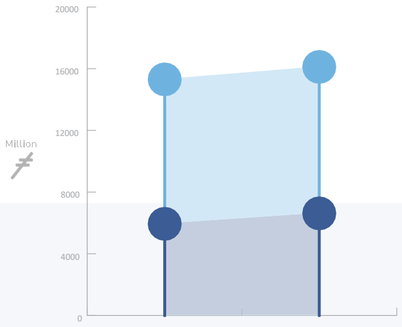


GROUP
PROFIT AFTER TAX

772

+1.7%

785



TOTAL ASSETS

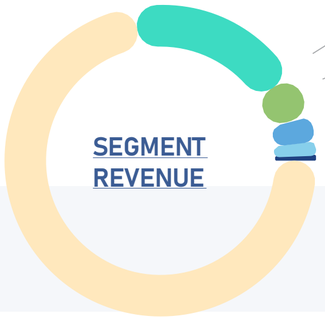
15,317

16,118

TOTAL EQUITY

5,944

6,623



20.3% TRADING

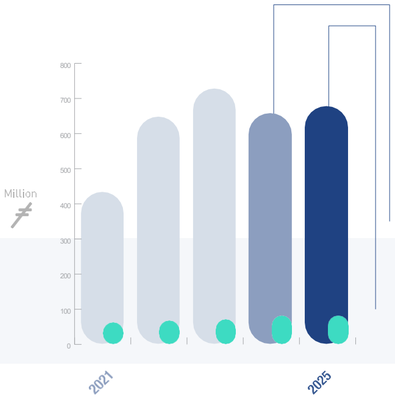
5.2% INSURANCE

2.5% SHIPPING

1.7% GAS

0.3% OTHERS

70.0% FUEL



COMPANY
EPS & DPS

658 | 80

677 | 85 /share

A Vision Worth Building Towards: A bold fusion of nature and technology
Green walls cascading alongside solar panels, and digital intelligence woven into every surface. This is STO's vision for the future of its infrastructure; not one building, but an entire landscape reimagined, where every space we occupy reflects who we are becoming. This image is the very essence of Shaping Tomorrow, Today — the conviction that the future is not something that simply arrives, but something deliberately designed.

Business Report

Driving Performance Today, Building Resilience for Tomorrow

Delivering Performance While Building Long-Term Resilience

STO's strategic direction in 2025 remained focused on delivering operational performance while strengthening the foundations for long-term resilience and sustainable growth. As a diversified enterprise with a critical national mandate, the Group continues to balance commercial objectives with its responsibility to ensure uninterrupted supply of essential goods and services across the Maldives.

The strategic priorities for the year were guided by the Board's strategic direction with strong link to Budget 2025 framework, which emphasized strengthening core operations, enhancing supply chain efficiency, investing in infrastructure and technology, and advancing sustainability initiatives. Operating within a macroeconomic environment characterized by moderate inflation, foreign exchange constraints, and continued supply chain inefficiencies, the Group maintained a disciplined approach to execution, prioritizing stability, cost control, and operational continuity.

While EVOLVE 2030 has been defined as the Group's long-term transformation roadmap, 2025 has been focused on building the operational and financial foundations required for its successful implementation.

Strengthening Core Operations and Market Position

A central focus of the 2025 strategy was to reinforce STO's core business segments; Energy, Trading, Healthcare, and Construction, ensuring both operational efficiency and market competitiveness.

Strategic actions during the year were aligned to target 2025 priorities and included:

- Optimizing fuel supply operations and distribution efficiency to sustain the Group's largest revenue segment
- Strengthening trading and medical supply chains through improved sourcing, partnerships, and inventory management
- Enhancing retail and wholesale execution to improve customer reach and service quality
- Supporting construction sector demand through reliable supply of materials linked to public sector infrastructure projects

These efforts were supported by tighter cost control, improved working capital management, and a focus on margin preservation in an increasingly competitive environment.

As a result, the Group was able to maintain operational stability and market leadership across key segments while adapting to evolving demand and pricing dynamics.

Securing Supply Chains in a Constrained Environment

Supply security remained a defining strategic priority in 2025, reflecting the Maldives' high reliance on imports and exposure to external disruptions.

During the year, STO strengthened its supply chain framework through:

- Diversification of supplier base and sourcing channels
- Enhanced inventory planning and stock optimization
- Improved coordination across procurement, shipping, and distribution functions

Despite improvements in global supply chain conditions, structural challenges persisted, including regional port congestion, extended lead times, and domestic logistics constraints. These factors increased operational complexity and working capital requirements.

In response, STO continued to invest in logistics and infrastructure, including fuel storage, shipping capacity, and distribution networks. These investments were critical in ensuring continuity of supply across fuel, food, and medical sectors, reinforcing STO's role as a key pillar of national resilience.

Investing in Infrastructure and Operational Efficiency

In line with strategic priorities, STO continued to invest in infrastructure to support long-term operational efficiency and scalability.

Key focus areas included:

- Expansion and upgrading of fuel storage and distribution infrastructure
- Development of warehousing capacity to improve inventory management and reduce stock inefficiencies
- Investment in logistics assets, including vessels and delivery capabilities, to enhance supply chain reliability

These investments are designed to reduce cost-to-serve, improve service levels, and strengthen the Group's ability to manage demand fluctuations and supply disruptions.

At the same time, initiatives to optimize working capital, particularly in inventory and receivables, remained a critical focus area in managing liquidity pressures and financing costs.

Accelerating Digital Integration and Data-Driven Operations

Digital transformation remained a key enabler of operational efficiency and strategic execution.

During 2025, STO continued to enhance integration across its operations through the SAP S/4HANA platform, strengthening visibility and control over financial and operational performance.

Strategic initiatives included:

- Improving demand forecasting and procurement planning
- Enhancing inventory and warehouse management processes
- Strengthening financial reporting, inventory controls, and decision-making frameworks

These efforts contributed to improved coordination across business units and more efficient resource utilization.

Looking ahead, digital investments will expand further to include customer platforms, warehouse management systems, and advanced data capabilities, supporting improved customer engagement and operational scalability.

Embedding Sustainability and Responsible Growth

Sustainability considerations continued to be integrated into STO's strategic direction, in line with our 2025 objectives.

Key focus areas included:

- Enhancing operational efficiency to reduce resource consumption and emissions
- Strengthening governance, transparency, and risk management frameworks
- Investing in employee development and organizational capability
- Supporting community and national development through reliable supply of essential goods

These initiatives reflect STO's commitment to responsible growth, balancing economic performance with environmental and social responsibilities.

Positioned for Transformation

The strategic execution in 2025 strengthened STO's operational foundation, improved resilience, and enhanced readiness for future growth.

As the Group transitions into the next phase, the EVOLVE 2030 strategy will build on these foundations, focusing on performance excellence, digital transformation, new growth opportunities, and sustainability.

With a clear strategic direction, strengthened infrastructure, and improved operational discipline, STO is well positioned to navigate a complex operating environment while continuing to deliver value to stakeholders and support national development priorities.

Business Environment 2025

Global Economic Conditions and Market Volatility

The global economic environment in 2025 was characterized by moderate growth, elevated policy uncertainty, and continued geopolitical tensions. Global GDP growth is estimated at approximately 3.0%–3.2%, reflecting resilience in key economies alongside structural pressures arising from tighter financial conditions and evolving trade dynamics.

Inflation moderated during the year as the effects of earlier monetary tightening and easing supply chain constraints took hold. However, interest rates remained relatively elevated, contributing to tighter global liquidity and higher financing costs, particularly for import-dependent and capital-intensive sectors.

A defining feature of 2025 was the increase in trade policy uncertainty, particularly linked to U.S. led tariff measures and broader shifts toward protectionist policies. This contributed to a more cautious global trade environment and influenced sourcing, pricing, and investment decisions across markets.

At the same time, the Russia–Ukraine conflict continued to influence global energy and commodity markets. While no major new supply disruptions were observed during the year, the conflict sustained underlying uncertainty in:

- Energy supply dynamics and pricing expectations
- Trade flows and sanctions-related adjustments
- Regional logistics and shipping patterns

Energy markets were relatively stable compared to prior periods of volatility, with Brent crude prices broadly ranging between USD 75–90 per barrel. However, prices continued to reflect geopolitical risk premiums and supply-side considerations.

Global supply chains in 2025 showed improvement compared to previous years, although inefficiencies persisted. Lead times, freight costs, and logistics coordination remained above pre-pandemic norms, particularly affecting the movement of essential commodities and construction materials.

Domestic Economic Environment

The Maldivian economy remained supported by strong tourism activity in 2025, with real GDP growth estimated at approximately 5%, driven by increased tourist arrivals and ongoing expansion in resort capacity.

However, economic performance showed signs of moderation during the year. Despite higher arrival volumes, shorter average lengths of stay affected overall output growth, particularly in the early part of the year.

Inflation increased moderately during 2025, with average inflation estimated at approximately 4%–5%, reflecting higher prices in food, fish, and accommodation related categories.

Structural constraints continued to shape the domestic economic environment:

- Foreign exchange shortages remained a key constraint, affecting import financing and supplier settlements
- Elevated fiscal deficits and high public debt contributed to macroeconomic pressures
- Liquidity conditions within the domestic financial system remained tight

While official reserves showed some improvement during the year, usable foreign currency availability remained constrained, particularly for large import-dependent entities.

These conditions had direct implications for businesses, particularly in relation to working capital management, procurement cycles, and cost structures.

Implications for STO's Operations

The macroeconomic conditions in 2025 had a direct impact on STO's operations, influencing procurement strategies, pricing decisions, and liquidity management across all business segments.

Key segment implications included:

- **Energy:**
  Relative stability in global fuel prices supported planning and procurement. However, margins remained constrained due to regulated pricing structures, cost pass-through limitations, and exposure to supply-side risks.
- **General Trading:**
  Import cost pressures and competitive market conditions affected margins, while ensuring the availability and affordability of essential goods remained a key operational priority.
- **Healthcare:**
  Global supply variability and pricing pressures influenced procurement planning and inventory management, particularly in the context of ensuring consistent availability of medical supplies.
- **Construction:**
  Fluctuations in global commodity prices and logistics inefficiencies impacted the cost and availability of construction materials, within a demand environment supported by infrastructure and development projects.

Across all segments, working capital pressures remained elevated, driven by extended receivable cycles, foreign exchange constraints, and import financing requirements.

Supply Chain and Logistics Challenges

Supply chain conditions improved during 2025 compared to previous years; however, structural inefficiencies persisted. Freight rates and logistics costs, while moderating, remained above historical averages.

For the Maldives, these challenges were further compounded by geographic dispersion and reliance on international shipping networks. In addition, capacity constraints at Male' Port and slower cargo clearance processes created operational bottlenecks during the year, affecting turnaround times, inventory flows, and distribution efficiency.

Efficient coordination of procurement, warehousing, and distribution therefore remained critical to maintaining continuity of supply.

STO's logistics infrastructure, supplier relationships, and distribution capabilities played a central role in mitigating these challenges, enabling the Group to manage disruptions effectively and ensure the uninterrupted availability of essential goods across the country.

Resilience Through Scale and Diversification

In a complex environment, STO's diversified business model and scale of operations provided a strong foundation for resilience. The Group's presence across multiple essential sectors allows it to manage risks more effectively while maintaining continuity of supply.

Established supplier networks, operational infrastructure, and integrated systems support the Group's ability to respond to market disruptions and maintain service reliability.

Sustainability and National Responsibility

The operating environment further highlights STO's role as a national supply enabler, with responsibilities that extend beyond commercial performance.

Through its operations, STO contributes directly to:

- Energy security, ensuring reliable fuel supply
- Food security, maintaining availability of essential commodities
- Healthcare access, supporting the supply of medicines and medical products

These contributions are fundamental to economic stability and social well-being in the Maldives.

Outlook: Managing Risk in a Complex Environment

Looking ahead, the operating environment is expected to remain complex, with continued exposure to global uncertainties, commodity price volatility, and foreign exchange constraints.

In this context, STO's focus will remain on strengthening supply resilience, improving operational efficiency, and maintaining financial discipline, ensuring that the Group is well-positioned to navigate ongoing challenges while supporting national priorities.

Our Businesses

Global Economic Conditions and Market Volatility

In 2025, STO operated within a gradually stabilizing global environment, although cost pressures, supply chain inefficiencies, and domestic constraints continued to influence operations.

Despite these conditions, the Group maintained continuity across its core mandate, ensuring the uninterrupted supply of essential goods and services nationwide.

The Group reported revenue of MVR 16.7 billion and net profit of MVR 785 million, reflecting stable top-line performance supported by essential demand across key sectors. Group Profitability was majorly influenced by margin pressures in selected segments, higher operating costs, and increased shipping and logistics costs associated with MSS operation.

Performance reflects the resilience of STO's diversified portfolio, supported by stable demand across essential sectors.

Energy:

The Energy segment remained the largest contributor, accounting for approximately **70% of Group revenue.** Revenue declined by **3% to MVR 11.7 billion,** reflecting fuel price normalization.

Demand across power generation, transport, and tourism remained stable, supporting consistent diesel volumes.

Operational reliability improved through continued investments in infrastructure and distribution capacity.

Despite pricing and cost pressures, the segment continued to underpin Group profitability and national energy security.

Gas:

The Gas segment recorded revenue of **MVR 291 million,** reflecting **12% growth** over 2024. Performance was supported by stable demand across household and commercial segments.

Growth was further driven by expansion into medical and industrial gases, strengthening its role in healthcare supply chains.

Operational focus remained on safety, reliability, and infrastructure improvements.

The segment continues to be a steady and growing contributor within the energy portfolio.

Trading:

Trading revenue increased by **8% to MVR 3.39 billion,** contributing **20% of Group revenue.** Growth was driven by **Construction (+15%), Healthcare (+9%)** and **General Trading (+3%).**

The segment maintained strong supply continuity across essential goods, construction materials, and medical products.

Performance was impacted by cost pressures and pricing constraints, requiring disciplined procurement and inventory management.

Overall, the Trading segment maintained high volume throughput and supply reliability, reinforcing its critical role in food security, healthcare access, and infrastructure support, despite margin constraints.

Shipping:

Shipping revenue declined by **5% to MVR 409 million,** reflecting yield pressure and competitive dynamics.

Performance was impacted by higher operating costs, port congestion, and logistical inefficiencies.

Despite these challenges, the segment ensured continuity in the movement of essential goods.

Shipping remains strategically important as an enabler of national trade and supply chain resilience, despite short-term performance pressures.

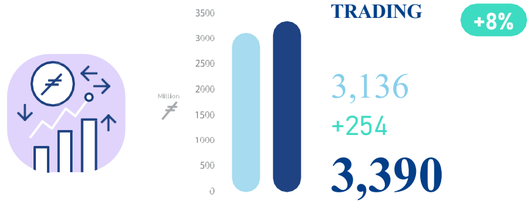
Insurance:

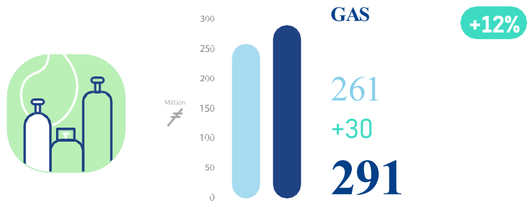
Allied Insurance delivered strong performance during the year. Insurance revenue increased by **15% to MVR 875 million,** reflecting strong premium growth and underwriting performance.

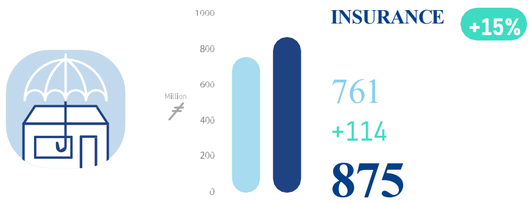
The segment continued to strengthen its market position while contributing positively to Group profitability. Its performance provides an important diversification of earnings, enhancing overall financial resilience.

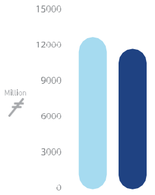
Segment Revenue Summary

(2024 vs 2025) Revenue by Segment



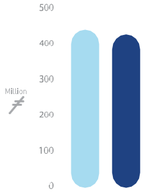






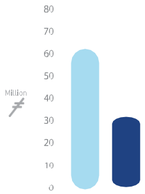
FUEL (ENERGY) **-3%**

12,107
-419
11,688



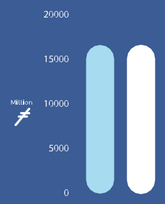
SHIPPING **-5%**

432
-23
409



OTHERS **-52%**

63
-33
30



TOTAL **-0.5%**

16,760
-77
16,683

Share of Segment Revenue (2025)

70.0%

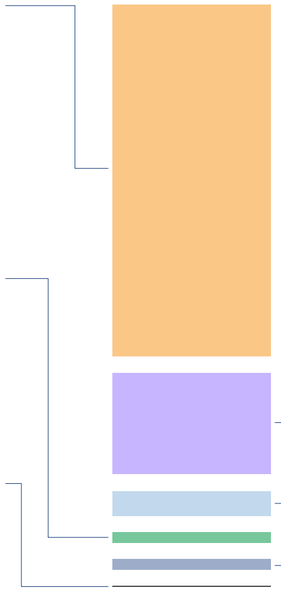
Energy (Fuel) remains dominant at ~70% of revenue, with a modest decline (-3%) reflecting price normalization and volume dynamics

1.7%

Gas (+12%) shows consistent growth, supporting energy and healthcare supply chains

0.3%

Others



20.3%

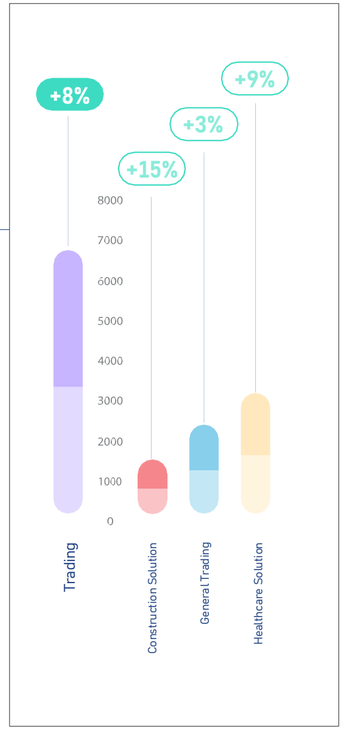
Trading delivered steady growth (+8%), with: Strongest expansion in Construction (+15%), aligned with project activity Stable growth in Healthcare (+9%) and General Trading (+3%)

5.2%

Insurance (+15%) continues to scale, strengthening earnings diversification

2.5%

Shipping (-5%) reflects operational and cost pressures, including port congestion and competitive dynamics



Continued gradual diversification trend, with non-fuel segments gaining relative importance, particularly Insurance and Trading.

Overall Group revenue remained flat YoY, indicating resilience despite energy revenue contraction

Fuel
70%

Non-Fuel
30%

Trading

Sustaining Essential Supply Chains and National Resilience

In 2025, the Trading segment continued to play a central role in supporting the Maldives' economic and social stability. As one of the most diversified segments within the Group, it remained integral to ensuring the uninterrupted flow of essential goods and services across food supply, healthcare, and construction materials.

Despite operating in a cost-sensitive and competitive environment, the segment demonstrated resilience through disciplined operations and strong supply chain coordination.

Strengthening Operational Efficiency Across Segments

Across all subsegments, the focus remained on enhancing procurement discipline, improving inventory management, and optimizing distribution networks. These efforts supported supply continuity, improved service levels, and reinforced the segment's ability to operate effectively within a dynamic market environment.

General Trading:

Ensuring Food Security and Nationwide Distribution

The General Trading segment remained at the forefront of ensuring access to essential food items and consumer goods across the Maldives. Through consistent product availability and strengthened distribution across Male' and the atolls, the segment upheld its role in supporting food security. Operational focus on inventory optimization and logistics efficiency enabled improved service reliability, despite ongoing pressures from import costs and foreign exchange constraints.

Healthcare Solutions:

Supporting National Healthcare Delivery

Healthcare Solutions continued to support the national healthcare system by providing essential pharmaceuticals and medical consumables across the country. With sustained demand from public healthcare institutions, the segment maintained uninterrupted supply to hospitals and health centres. Strengthened procurement planning and distribution coordination enhanced responsiveness, ensuring consistent access to critical healthcare products nationwide.

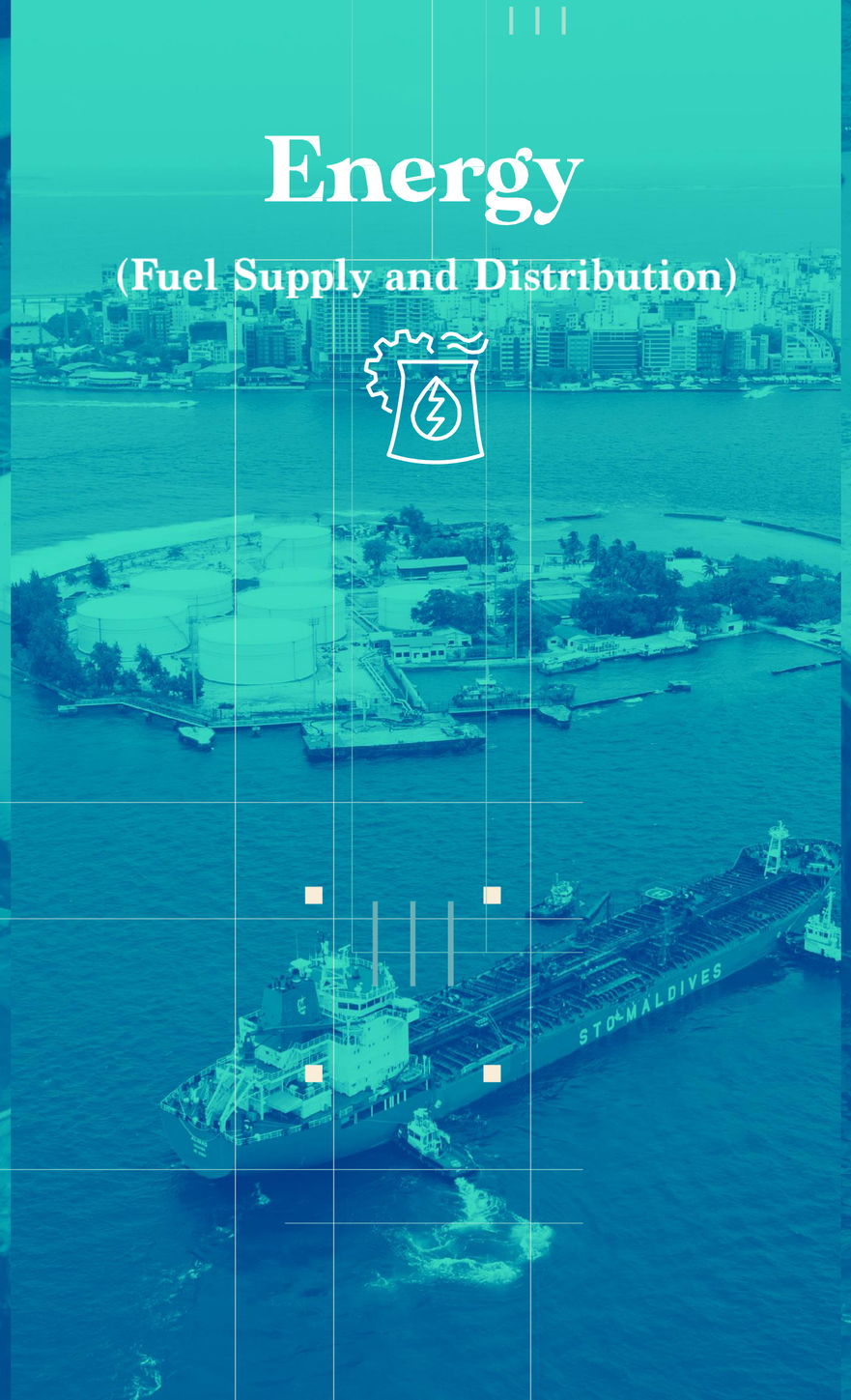
Construction Solutions:

Enabling Infrastructure Development

Construction Solutions contributed to infrastructure and development activity through the supply of cement and building materials. Demand was supported by public sector projects and resort developments, while improvements in procurement and supply coordination enhanced reliability. The segment continues to play a key role in enabling timely project execution across the construction sector.

Energy

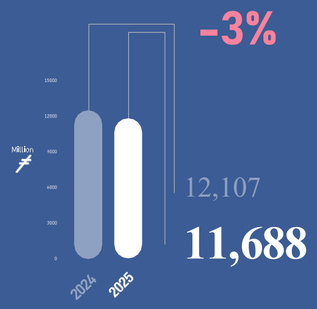
(Fuel Supply and Distribution)



Safeguarding National Energy Security

The Energy segment remains the cornerstone of STO's operations, ensuring the uninterrupted supply of petroleum products across the Maldives. Through its integrated import, storage, and nationwide distribution network, the segment supports electricity generation, transportation, aviation, tourism, and broader economic activity.

As the Group's largest business, the segment plays a critical role in maintaining national energy security. In 2025, STO continued to ensure reliable fuel supply despite operating within a complex global environment characterized by geopolitical tensions, foreign exchange constraints, and supply chain challenges.



Energy

Performance

In 2025, the fuel segment generated revenue of MVR 11,688 million, compared to MVR 12,107 million in 2024. The decrease in revenue was primarily attributable to fluctuations in global fuel prices, despite higher sales volume during the year.

Development and deployment of additional fuel barges

Opening of fuel skid in R.Dhuvaafaru

Performance Amid Evolving Market Conditions

The Energy segment recorded revenue of MVR 11,688 million in 2025, compared to MVR 12,107 million in 2024, reflecting a 3% decline year-on-year. This was primarily driven by moderating global fuel prices, while underlying demand remained broadly stable across key sectors.

The segment continues to represent the largest contributor to Group revenue, accounting for approximately 70% of total consolidated revenue, underscoring its central role within STO's business portfolio. In addition, STO maintains a dominant position in the domestic fuel market, supplying the majority of national demand across power generation, transport, aviation, and tourism sectors.

Strengthening Infrastructure and Operational Capability

During 2025, the Energy segment advanced a series of strategic investments aimed at strengthening supply resilience and improving operational efficiency across the fuel value chain.

Storage Infrastructure Enhancement

Fuel storage capacity was strengthened through targeted tank replacement programs and new installations, enhancing reliability, safety, and buffer capacity. These upgrades improve inventory holding capability and reduce supply disruption risks across key terminals.

Marine Fleet Expansion

Marine logistics capability was further reinforced through fleet expansion initiatives, including:

- Construction and acquisition of additional fuel barges to improve inter-island distribution efficiency
- Initiation of a 25,000 MT tanker acquisition, enhancing bulk import capacity and supply chain control These investments reduce dependency on third-party logistics and improve delivery reliability across the network.

These investments reduce dependency on third-party logistics and improve delivery reliability across the network.

Distribution Network Development

Operational improvements were supported through enhanced logistics coordination, strengthened fuel handling systems, and the introduction of monitoring technologies to improve inventory accuracy and minimize losses. These initiatives contribute to improved cost efficiency, better asset utilization, and a more resilient distribution network.

Operational Efficiency and Systems

Operational improvements were supported through enhanced logistics coordination, strengthened fuel handling systems, and the introduction of monitoring technologies to improve inventory accuracy and minimize losses. These initiatives contribute to improved cost efficiency, better asset utilization, and a more resilient distribution network.

Strategic Positioning and Market Development

The Energy segment continued to advance its strategic positioning within regional fuel markets, particularly through the development of bunkering capabilities. Engagement with international partners and ongoing infrastructure enhancements support the positioning of the Maldives as a recognized bunkering location.

This represents a long-term opportunity to diversify revenue streams, generate foreign currency earnings, and strengthen STO's role within regional maritime fuel supply networks.

Sustainability and Responsible Energy Transition

In line with STO's commitment to sustainable development and national decarbonization priorities, the Energy segment continued to strengthen ESG integration across operations and long-term strategy.

Efforts during the year focused on improving operational efficiency and reducing environmental impact through investments in infrastructure, tank and system maintenance programs, and automated monitoring systems to minimize losses and enhance fuel handling standards.

Fleet modernization initiatives, including new barges and the planned tanker acquisition, are expected to improve transportation efficiency and reduce emissions intensity. The expansion of modular fuel stations contributes to improved distribution efficiency and reduced delivery distances across dispersed island locations. In parallel, coastal protection and infrastructure resilience measures were progressed to safeguard critical fuel facilities against climate-related risks. The segment also maintained strong compliance with national and international environmental and safety standards, reinforcing governance and risk management practices across fuel operations.

Looking ahead, STO remains committed to supporting the Maldives' broader decarbonization agenda, including its net-zero emissions ambition by 2050, by studying new technologies and identifying new energy solutions to diversify national energy mix and enhance energy security.

2026 Outlook and Strategic Focus

Strengthening Efficiency and Resilience

The Energy segment enters 2026 with a stable outlook, supported by continued demand and ongoing infrastructure development. Moderate revenue growth is expected, alongside improved margins driven by operational efficiencies and logistics optimization.

Strategic priorities include strengthening storage and distribution capacity, expanding marine logistics capability, advancing bunkering operations, and accelerating digital initiatives to enhance customer experience and operational control.

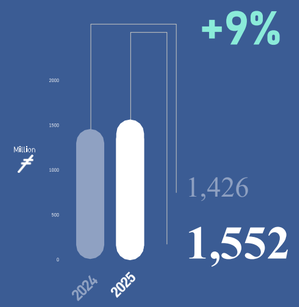
While global fuel markets are expected to remain volatile, STO's established supply network, infrastructure investments, and operational capabilities provide a strong foundation to sustain reliable fuel supply and support national energy security.

Healthcare Solutions

Ensuring Access to Essential Healthcare

Healthcare Solutions remains a critical component of STO's operations, supporting the national healthcare system through the procurement and distribution of pharmaceuticals, medical consumables, and healthcare products across the Maldives.

Operating within a highly regulated and essential sector, the segment plays a central role in ensuring uninterrupted access to medicines for hospitals, health centers, and private sector customers across geographically dispersed islands. During 2025, the focus remained on supply reliability, operational discipline, and strengthening its role within the national healthcare value chain.



Healthcare Solution

Performance

Healthcare Solutions recorded steady growth of 9%, increasing from MVR 1,426 million to MVR 1,552 million. Performance was driven by sustained demand from public healthcare institutions and private sector customers. Despite this, margins remained moderated due to regulated pricing and procurement cost pressures.

Overall, the segment maintained stable operations, ensuring reliable nationwide supply of essential healthcare products.

Pharmacists' Day celebration

Childcare development equipment showcased at Neonatal Nurse Conference

Resilient Demand, Controlled Performance

The segment recorded revenue of MVR 1,552 million in 2025, representing a 9% increase from MVR 1,426 million in 2024. Growth was supported by sustained demand from public healthcare institutions and private sector customers.

Despite stable revenue growth, profitability reflects the structural characteristics of the healthcare supply business, including regulated pricing, procurement cost pressures, and the need to maintain adequate inventory levels to ensure uninterrupted supply. As a result, margins remained measured, with continued focus on cost discipline and operational efficiency.

Healthcare Solutions remains a working capital-intensive operation, maintaining inventory buffers to support nationwide availability of essential medicines, while efforts during the year focused on improving inventory planning and stock visibility.

Nationwide Supply and Service Reliability

In 2025, maintaining consistent pharmaceutical supply remained a key priority, supported by a state-led initiative to ensure EML and ADL availability across all STO pharmacies. A total of 1,679 products were distributed through over 192 outlets, while 141 new registrations with MFDA increased the portfolio to 451 products.

These efforts achieved 80% product availability, reflecting improved procurement, coordination, and distribution efficiency, and supporting retail revenue growth.

A major milestone was the consolidation and expansion of the central warehouse to 25,000 ft² (from 11,795 ft²), doubling storage capacity. This is being complemented by ongoing digitization and process enhancements to strengthen supply chain resilience.

Strengthening Wholesale Focus and Capability

While our retail channel grew, geographical distribution of our communities had a major impact on the operational cost, impacting earnings from the segment. To mitigate this, efforts were made to strengthen wholesale channel, with restructuring and dedicating client officers to key clients. Preliminary results of this, via improved customer satisfaction, is seen from the recent surveys.

In 2026, wholesale channel focus is more than just public sector. With focused client support, revenue from the private sector is expected to grow twofold by the end of the year.

Healthcare Solutions continues to align with STO's strategic direction by identifying areas enriching healthcare through excellence, focused on technology and governance best practices.

Systems, Governance and Compliance

The segment operates within STO's SAP S/4HANA platform, providing improved visibility over procurement, inventory, and financial performance. Ongoing initiatives are enhancing demand planning, inventory tracking, and coordination across supply chain functions.

Healthcare Solutions continues to operate under a robust governance and compliance framework, ensuring
adherence to regulatory requirements and product quality standards. Procurement processes, supplier selection, and product verification procedures are aligned with established policies to maintain the integrity and safety of healthcare supplies.

Strong internal controls, audit mechanisms, and oversight structures support transparency, accountability, and effective risk management.

Sustainability in Healthcare Supply

Sustainability within Healthcare Solutions is closely linked to ensuring equitable access to essential medicines and healthcare products nationwide. During 2025, the segment contributed to:

- Social sustainability by maintaining uninterrupted supply of critical medicines and healthcare products
- Operational sustainability through improved inventory management and reduced inefficiencies in distribution
- Governance and quality assurance by ensuring compliance with regulatory standards and product integrity

These efforts reinforce the segment's role in supporting national healthcare outcomes while aligning with STO's broader ESG objectives.

2026 Outlook and Strategic Focus

Strengthening Core Supply Role

Healthcare Solutions enters 2026 with a clear focus on enhancing operational efficiency and strengthening its core wholesale capabilities.

Priorities include improving inventory management, strengthening procurement planning, and enhancing distribution efficiency to support consistent service delivery. Continued investment in systems and process improvements will further strengthen operational visibility and responsiveness.

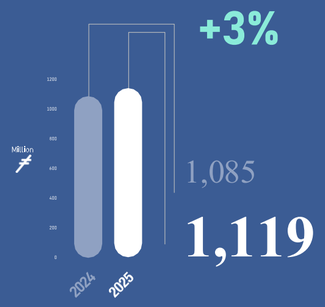
The segment remains well-positioned to support national healthcare requirements while improving efficiency and sustaining operational performance.

General Trading

Ensuring Stability in the Supply of Essential Goods

General Trading remains a core component of STO's operations, ensuring the availability of staple food items, essential commodities, and consumer goods across the Maldives. The segment supports national food security and commercial activity, serving retailers, institutions, and households across both Male' and the atolls.

In 2025, the segment operated within a competitive and cost-sensitive environment, requiring a balance between maintaining supply reliability and managing cost and pricing pressures, while continuing to fulfil its national mandate.



General Trading

Performance

General Trading recorded steady growth of 3%, increasing from MVR 1,085 million to MVR 1,119 million. Performance was supported by stable demand for essential goods, improved product availability, and consistent nationwide distribution. Despite this, margins remained under pressure due to elevated import and logistics costs, foreign exchange constraints, and competitive pricing.

Overall, the segment demonstrated resilience, maintaining supply continuity in a cost-sensitive environment.

Opening of wholesale center

Officially launched a new range of LG televisions—including OLED, NanoCell, and UHD models

Steady Growth, Margin Pressure

The General Trading segment recorded revenue of **MVR 1,119 million** in 2025, representing a **3% increase** from MVR 1,085 million in 2024.

Growth was driven by stable demand for essential goods and improved product availability across key categories. The segment accounted for approximately **33% of total Trading segment revenue,** reflecting its position as a key contributor within the portfolio.

Despite revenue growth, profitability remained constrained. Margins continued to be impacted by elevated import costs, foreign exchange pressures, and competitive pricing dynamics, limiting the ability to fully pass on cost increases.

The segment continues to operate with high working capital intensity, maintaining inventory buffers to ensure uninterrupted nationwide supply—an essential requirement given the geographic dispersion of the Maldives

Operational Continuity Across Islands

Operationally, the segment maintained consistent supply of essential goods across the country, reinforcing STO's role in supporting national supply continuity.

While global supply conditions improved compared to prior years, structural inefficiencies persisted, particularly in the form of port congestion, slower clearance processes in Male', and extended lead times for imported goods.

Demand remained stable across staple food items and fast-moving consumer goods, supported by population needs and tourism activity. However, increased competition across wholesale and retail markets continued to exert pressure on pricing and margins.

In response, the segment strengthened its focus on inventory optimization, demand planning, and distribution efficiency, contributing to improved stock availability and service reliability during the year.

Operational Efficiency, Systems and Governance

The complexity of inter-island logistics remains a defining feature of General Trading operations. During 2025, improvements were made in warehouse operations, stock handling, and replenishment processes, enhancing overall efficiency and reducing operational bottlenecks.

The segment operates within STO's SAP S/4HANA platform, providing improved visibility over procurement, inventory, and financial performance. Ongoing system enhancements are supporting better forecasting accuracy and more effective coordination across the supply chain.

Strong governance and internal control frameworks continue to underpin operations. Procurement practices, inventory controls, and audit oversight ensure compliance, transparency, and operational discipline.

Sustainability and Responsible Operations

Sustainability within General Trading is embedded in its role of ensuring equitable access to essential goods nationwide.

Building on initiatives introduced over the years, STO continued to promote energy-efficient products under the 'Hakathari' label, supporting national efforts to improve household energy efficiency in collaboration with the Ministry of Climate Change, Environment, and Energy. Responsible sourcing practices were maintained to ensure the availability of high-quality and health-conscious products. In addition, segment continued to support reduced energy consumption and operational efficiency.

During 2025, the segment further contributed to social sustainability through uninterrupted supply of essential goods, while operational improvements in inventory planning and logistics supported efficiency and reduced waste across the supply chain.

2026 Outlook and Strategic Focus

Efficiency-Led Transition

The outlook for General Trading reflects a shift towards improving profitability and operational efficiency, supported by continued demand for essential goods.

The segment will focus on strengthening retail and wholesale operation through improved category management, private label development, and supplier optimization. Efforts are also underway to modernize distribution through enhanced logistics, cold-chain capabilities, and last-mile delivery efficiency.

Digital transformation remains a key enabler, with ongoing implementation of POS, CRM, and e-commerce platforms expected to improve customer engagement and operational visibility.

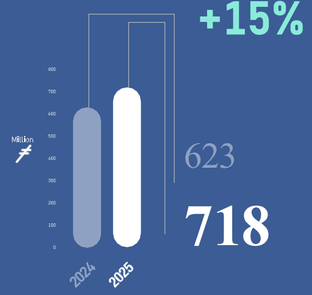
Overall, the segment is positioned to transition towards a more margin-driven and digitally enabled operating model, while continuing to ensure supply stability across the Maldives.

Construction Solutions

Enabling National Infrastructure

The Construction Solutions segment plays a critical role in supporting infrastructure development across the Maldives through the supply of cement and a wide range of building materials. The segment serves public sector projects, resort developments, and private construction activity, contributing to national growth and economic development.

In 2025, the segment operated within a dynamic environment influenced by construction demand cycles, global commodity price movements, and evolving supply conditions, with continued focus on supply reliability and operational efficiency.



Construction Solutions

Performance

Construction Solutions recorded strong growth of **15%, increasing from MVR 623 million to MVR 718 million.** Growth was driven by infrastructure and resort development activity, supported by improved supply availability and procurement coordination.

The segment demonstrated solid operational performance, strengthening its role in supporting national infrastructure while maintaining supply reliability.

Direct sourcing and local manufacturing, including products such as PVC, AAC blocks, and dry-mix solutions.

Efforts continued in water conservation and recycling of construction materials.

Steady Growth, Margin Pressure

The segment recorded revenue of **MVR 718 million** in 2025, representing a **15% increase** from MVR 623 million in 2024.

Growth was primarily driven by ongoing infrastructure projects and resort developments, resulting in higher demand for cement and building materials. Improved supply coordination and product availability further supported revenue expansion during the year.

Profitability reflected the combined impact of procurement costs, pricing dynamics, and supply conditions within the construction materials market. The segment continues to operate with elevated inventory levels, ensuring readiness to meet large-scale and time-sensitive project requirements.

Supply Resilience and Strategic Focus

Ensuring reliable access to construction materials remained a key operational priority. During 2025, the segment strengthened procurement planning and supplier coordination to maintain consistent availability across projects and regions.

At the same time, progress continued towards greater supply chain control, with efforts focused on diversifying sourcing channels and reducing reliance on single-source supply arrangements. This supports improved cost competitiveness and operational flexibility.

In line with STO's strategic direction, the segment is actively exploring opportunities in direct sourcing and local manufacturing, including products such as PVC, AAC blocks, and dry-mix solutions. These initiatives aim to reduce import dependency and enhance long-term supply resilience.

Operational improvements in warehouse management, stock handling, and distribution coordination further supported efficiency and timely project delivery.

Efficiency, Systems and Control

Given the scale and logistical demands of construction materials, operational efficiency remains central to performance. During the year, improvements in inventory management and distribution planning enhanced delivery timelines and reduced operational bottlenecks.

The segment operates within STO's SAP S/4HANA platform, enabling improved visibility across procurement, inventory, and financial performance. This supports better planning, cost control, and coordination across the supply chain.

Strong governance frameworks and internal controls continue to ensure transparency, compliance, and disciplined execution across procurement and operational processes.

Sustainability in Construction

Sustainability within the Construction Solutions segment is focused on supporting environmentally responsible infrastructure development.

Building on 2024 initiatives, efforts continued in water conservation and recycling of construction materials. The segment also promotes energy-efficient solutions, including regenerative elevator systems, and environmentally friendly products such as low-VOC paints, reflecting a shift towards more sustainable construction practices.

2026 Outlook and Strategic Focus

Strengthening Supply and Efficiency

The Construction Solutions segment is expected to sustain positive growth momentum, supported by continued infrastructure and resort development activity.

In line with the 2026 budget, the segment will focus on strengthening sourcing strategies and improving procurement terms to enhance cost competitiveness and margin performance. Greater emphasis will be placed on optimizing product mix and expanding higher-margin offerings within the building materials portfolio.

Operational priorities will include improving inventory management, enhancing supply reliability, and strengthening coordination across procurement and distribution to support timely project execution.

The segment is also exploring opportunities to gradually enhance supply chain control and efficiency, while maintaining flexibility in response to market conditions.

Overall, Construction Solutions is positioned to improve profitability and operational efficiency, while continuing to support national infrastructure development.

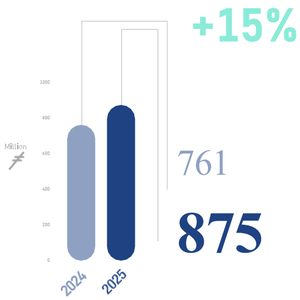
Insurance

Sustaining Market Leadership in a Competitive Landscape

The Insurance segment, operated through Allied Insurance Company of the Maldives Pvt. Ltd., continued to strengthen its position as a leading insurer in the Maldives during 2025. Operating in a competitive and evolving environment, the segment maintained a disciplined approach to growth, balancing underwriting rigor with enhanced customer-centric service delivery and digital transformation.

With a well-established market presence and diversified product offering, the segment continues to play a critical role in supporting financial resilience across individuals, businesses, and institutions. Its ability to adapt to changing market dynamics and customer expectations reinforces its contribution to the Group's diversified portfolio.

Business Report

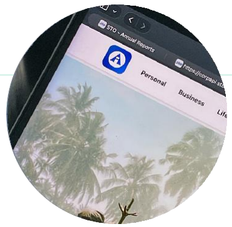


Insurance

Performance

- Revenue increased by **MVR 114 million, reflecting 15%** growth
- Growth driven by strong renewal performance, product diversification, and expanded distribution channels
- Insurance remained one of the fastest-growing segments within the Group, strengthening its contribution to overall revenue mix

Enhancing underwriting and claims efficiency



Expanding digital access and service channels

Financial Performance and Market Position

The segment delivered strong financial performance in 2025, with revenue **increasing to MVR 875 million,** reflecting a **15% year-on-year growth** from MVR 761 million in 2024. This growth was supported by improved renewal rates, expansion across conventional and Takaful product lines, and broader customer reach through enhanced distribution.

Profitability remained robust, driven by disciplined underwriting, improved claims management, and effective cost control. Growth quality improved, with earnings supported by operational performance rather than non-recurring factors.

The segment maintained a leading market position with an estimated 43% market share, reflecting strong brand trust and consistent service delivery. Within the Group, Insurance remained one of the key growth contributors, alongside Trading and Gas, partially offsetting declines in Fuel and Shipping.

Operational Performance and Digital Advancement

Operational improvements focused on efficiency and service delivery. Streamlined underwriting processes reduced turnaround times, while enhanced claims management improved settlement speed and customer experience.

Digital transformation remained a key enabler, with continued enhancements to online platforms supporting policy access, claims submission, and customer interaction. These developments improved accessibility and operational scalability across both retail and corporate segments.

Key operational focus areas included:

- Enhancing underwriting and claims efficiency
- Expanding digital access and service channels
- Strengthening product coverage across core insurance lines

These initiatives supported sustained premium growth and improved customer engagement.

Governance, Risk Management and Institutional Strengthening

The segment maintained a strong governance framework, supported by a structured three lines of defense model and active Board and Audit Committee oversight. Internal controls were reinforced through ongoing audits, risk assessments, and compliance reviews.

Progress towards IFRS 17 implementation continued during the year, strengthening financial reporting transparency and comparability. Cybersecurity and data protection capabilities were also enhanced through targeted investments in system resilience and monitoring.

In parallel, continued investment in employee capability development ensured alignment with evolving operational and strategic requirements.

2026 Outlook and Strategic Focus

Sustaining Growth through Discipline and Innovation

The insurance sector remains competitive, with pricing pressures and increasing demand for digital, customer-centric services. The segment is well-positioned to navigate these dynamics through disciplined execution and continued investment in technology and operational capabilities.

Strategic priorities remain focused on:

- Expanding market share and customer retention
- Enhancing digital platforms and service delivery
- Strengthening underwriting and claims management

With strong financial performance, a leading market position, and continued focus on innovation, the Insurance segment enters 2026 with positive momentum, well-positioned to sustain long-term growth and contribute to overall Group resilience.

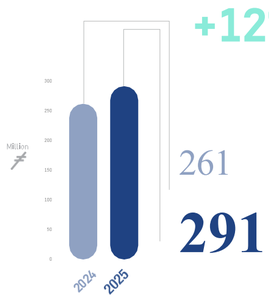
Gas

Strengthening National Energy and Medical Gas Supply

Maldive Gas Pvt. Ltd. (MGPL), a subsidiary of State Trading Organization Plc (STO), continued to play a critical role in ensuring the uninterrupted supply of LPG and industrial gases across the Maldives. As the country's principal LPG supplier, the Company supports households, commercial establishments, resorts, and healthcare institutions nationwide.

In 2025, operations remained stable despite increasing demand and logistical complexity across a geographically dispersed market. The Company maintained uninterrupted supply across all regions while advancing targeted initiatives to strengthen capacity, improve service delivery, and expand into medical and industrial gas segments.

Business Report



Gas

Performance

The Gas segment recorded a **12% year-on-year revenue growth,** increasing from MVR 261 million to **MVR 291 million in 2025.** This performance was driven by sustained LPG demand, supported by improved delivery efficiency and higher order volumes, alongside the continued expansion of medical and industrial gas operations.

Operational improvements, including a **6% increase in LPG orders** and enhanced service delivery, contributed to stronger market penetration and customer retention. At the same time, the expansion of healthcare gas capabilities and broader customer reach across resort and atoll segments further strengthened the segment's overall market position.

LPG orders increased by 6% in 2025

Commissioned liquid nitrogen production facility

Operational Performance and Market Position

MGPL delivered improved operational performance during the year, supported by strengthened planning and execution:

- LPG orders increased by 6% to 266,288
- Average delivery time improved by 8% (77 to 71 minutes)
- Customer engagement increased, with service responsiveness maintained
- Fleet reliability improved, with 4% reduction in breakdowns
- The Company sustained its market leadership position:
- 58% market share in Greater Male' Region
- 50% market share in resort segment
- 100% retention of existing resort customers
- Expansion through 7 new resort clients and 29 sales agents

These outcomes reflect MGPL's ability to scale operations while maintaining service reliability and nationwide reach.

Financial Performance and Operational Stability

The Gas segment recorded revenue of **MVR 291 million in 2025,** reflecting a **12% increase** compared to the previous year, driven by sustained LPG demand and the continued expansion of medical and industrial gas operations.

Profitability remained stable during the year, supported by disciplined cost management and operational efficiencies, despite ongoing investments in infrastructure and capacity expansion. Liquidity was effectively managed through structured working capital oversight, ensuring continuity of operations and timely supplier settlements.

Infrastructure Expansion and Strategic Diversification

During the year, MGPL advanced key initiatives to strengthen capacity and diversify operations:

- Commissioned liquid nitrogen production facility
- Established medical nitrogen capability
- Installed 15 m^3 oxygen plant in Kulhudhuffushi
- Completed feasibility for 2,000 MT LPG storage expansion
- Upgraded storage and port infrastructure, including tank relocation and servicing

These developments support long-term capacity growth, improve national healthcare resilience, and reduce dependence on external supply sources.

The expansion into medical and industrial gases represents a strategic shift, broadening MGPL's role beyond LPG distribution and strengthening its contribution to both energy and healthcare sectors.

2026 Outlook and Strategic Focus

Governance, Safety and Outlook

MGPL continued to strengthen governance, safety, and operational controls during 2025:

- Establishment of a dedicated Occupational Health & Safety function
- Achievement of zero Lost Time Injuries (LTI)
- Strengthened internal controls, audit processes, and ERP-based systems

Looking ahead, the Company will focus on expanding infrastructure capacity, improving distribution efficiency, and further developing its medical and industrial gas portfolio.

With a strengthened operational foundation and clear strategic direction, MGPL remains well positioned to support national energy and healthcare security while delivering sustainable growth.

Shipping

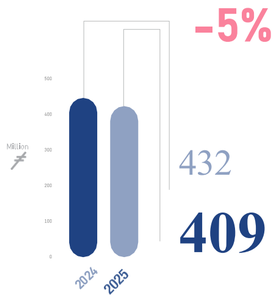
Strengthening National Connectivity

Maldives State Shipping (MSS), a subsidiary of State Trading Organization Plc (STO), continues to play a strategic role in enabling the Maldives' trade, logistics, and supply chain resilience. Established to address the absence of a dependable national shipping line, MSS has evolved into a critical national asset, facilitating the movement of essential goods while supporting economic activity across the country.

Operating within a geographically dispersed island nation and a supply chain highly dependent on maritime logistics, MSS's role extends beyond commercial performance to encompass broader national priorities, including trade continuity, food security, and supply chain stability.

During 2025, the Company maintained uninterrupted shipping and logistics services despite a more competitive and operationally constrained environment, demonstrating resilience while continuing to support national supply requirements.

Business Report



Shipping

Performance

- Revenue **declined by 5% YoY to MVR 409 million**, reflecting competitive pressure in the Colombo–Male' trade lane
- Capacity reduction following the withdrawal of a chartered vessel impacted volume throughput
- Freight rate compression and increased competition affected overall yield
- Operational constraints, including port congestion and vessel delays, contributed to higher cost-to-serve

The Colombo–Male' trade saw additional pressure

Freight forwarding, NVOCC operations, and shipping agency services.

Financial Performance

In 2025, MSS recorded net revenue of **MVR 409 million,** representing a **decline of 5%** compared to the previous year. This reflects intensified competition in the Colombo–Male' corridor, where increased market participation placed downward pressure on freight rates. The withdrawal of a high-capacity chartered vessel during the year also constrained capacity and impacted revenue generation.

Profitability was impacted by margin compression and elevated operating costs. Lower freight yields, combined with higher cost-to-serve, resulted in a weaker overall financial outcome compared to the previous year.

Operational inefficiencies, particularly port congestion in Male', vessel delays, and extended turnaround times further increased handling and logistics costs, reflecting structural constraints within the local supply chain environment.

Despite these pressures, MSS maintained disciplined cost management and operational continuity, positioning the business for recovery.

Operational Performance and Network Strength

MSS maintained consistent shipping services across both international and domestic routes. The Company operated a combination of owned and chartered vessels, ensuring continuity of cargo movement despite capacity adjustments during the year.

Core feeder services between Colombo and Male' remained central to operations, supported by MSS Galena and MSS Graphene, while domestic distribution was facilitated through MSS Opal, strengthening connectivity to regional hubs.

The Colombo–Male' trade saw additional pressure from regional and global operators; however, MSS retained the highest market share at 43.79% and achieved an average monthly throughput of 4,467 TEUs, demonstrating the strength of its core operations despite competitive conditions.

The expansion of container inventory to 2,500 TEUs enhanced operational flexibility, enabling improved cargo handling and service responsiveness.

MSS maintained connectivity to over 39 international ports across South Asia, Southeast Asia, the Far East, and the Middle East, supported by its logistics network and operational footprint.

Integrated Logistics Role and National Contribution

MSS continued to strengthen its position as an integrated logistics provider, expanding capabilities in freight forwarding, NVOCC operations, and shipping agency services.

The business maintained its broader international reach through a network of agents and partnerships, including relationships with major global carriers such as Maersk and Hapag-Lloyd, enabling MSS to deliver end-to-end shipping and forwarding solutions beyond ports directly served by its own vessels.

By the end of 2025, MSS had established itself as the third-largest COC operator in the Male' market, reflecting its continued relevance within an increasingly competitive container shipping landscape.

Beyond financial performance, MSS plays a vital role in national resilience. By ensuring reliable cargo movement, the Company supports food security, healthcare supply continuity, and infrastructure development across the Maldives.

Operations continue to align with STO's governance and sustainability framework, with a focus on improving efficiency, strengthening controls, and supporting responsible logistics practices

2026 Outlook and Strategic Focus

Strategic Priorities

The operating environment in 2025 highlighted the impact of competition, freight rate pressure, and structural inefficiencies within the logistics system.

In response, MSS is focused on restoring performance through improved vessel deployment, strengthened pricing discipline, and enhanced cost efficiency. Growth opportunities are being pursued in higher-margin segments such as project logistics and specialized cargo, alongside continued expansion of freight forwarding and logistics services.

Digital initiatives are also being advanced to improve cargo visibility, planning efficiency, and operational coordination.

MSS enters 2026 with a clear focus on strengthening efficiency, improving financial performance, and reinforcing its role as the Maldives' national shipping carrier, supporting trade resilience and long-term value creation.

Financial Review

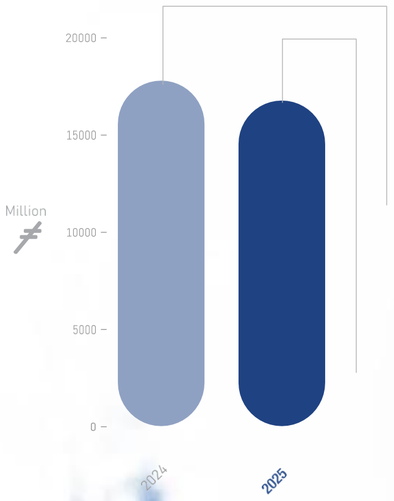
A Future Vision for Sustainable Financial Growth: A forward-looking approach where financial strength and sustainability go hand in hand — leveraging innovation and responsible investment to drive long-term value. This vision reflects STO's commitment to building resilient growth while supporting a greener, more sustainable future.

Enriching lives through sustainable growth

Building upon the strong performance of 2024, STO Group strengthened its operations, strategically refined its core business segments and made impactful investments in infrastructure and digital innovation. Despite lower revenues compared to the previous year, the Group maintained strong operational performance, achieving net profit of MVR 785 million and generating MVR 1.1 billion in operating cashflows.

These achievements underscore the Group's unwavering commitment to value creation, positioning STO Group to confidently pursue ambitious growth opportunities in 2025 and beyond.

Revenue



16,760

-0.5%

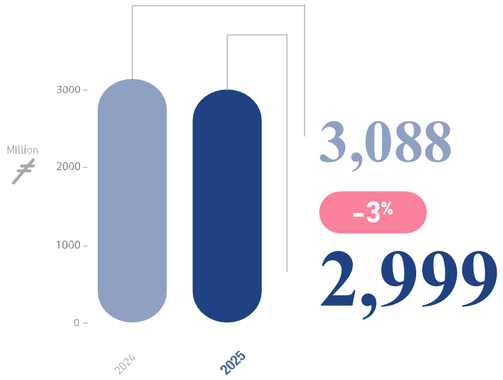
16,683

STO Group reported revenue of MVR 16.68 billion in 2025, representing a marginal decline of 0.5% from MVR 16.76 billion in 2024. The decrease was primarily driven by lower global fuel prices. Despite this, fuel volumes increased by 8%, reflecting strong demand and operational efficiency within the segment.

While revenue from the fuel segment declined, the Group recorded robust growth across other business segments.

Insurance revenue increased by 15% to MVR 875 million, and the gas segment grew by 12% to MVR 291 million. The trading segment generated MVR 3.39 billion in revenue, marking a 8% increase compared to the prior year. Although shipping revenue declined by 5%, the strong performance in insurance, gas, and trading segments helped offset this impact, supporting overall revenue stability for the Group.

Gross Profit



3,088

-3%

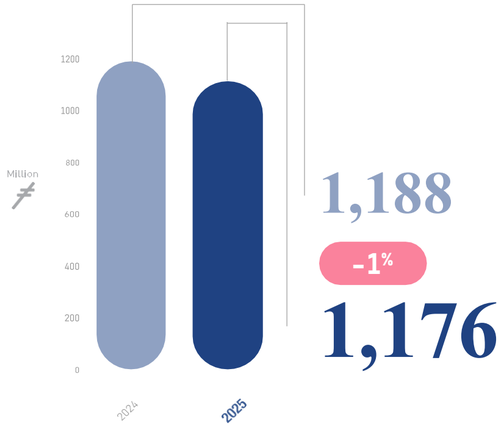
2,999

The Group generated a Gross Profit for the year of MVR 2,999 million, reflecting a reduction in gross profit of 3% compared to previous year. Gross Profit margin reduced slightly from 18.4% to 18.0%.

The lower gross profit was mainly attributable to the shipping segment, driven by increased competition in the Colombo–Male' corridor, resulting in lower freight rates. The withdrawal of a chartered vessel from the fleet constrained capacity and reduced gross profit in line with the revenue reduction. In addition, port congestion and vessel delays in Male' increased operating costs, placing further pressure on margins.

However, increased profitability across the Group's other segments partially offset the decline. Enhancements in procurement strategies, improved terms with suppliers, and greater efficiency in logistics operations helped mitigate rising input costs and supported margin stability.

Operating Profit



1,188

-1%

1,176

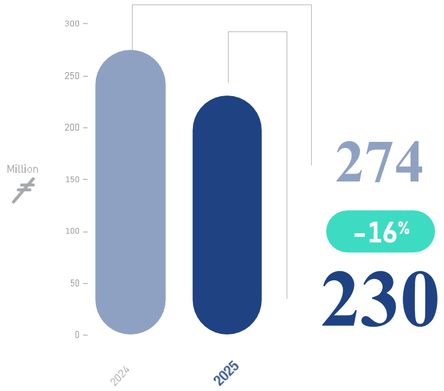
Operating profit for the year was MVR 1,176 million, a decrease of 1% compared to the previous year. While overall expenditure declined, the reduction in gross profit resulted in a moderate decline in operating performance.

The growth in business operations led to a strategic increase in workforce, resulting in higher staff costs and corresponding increase in selling and marketing expenses. Despite this, improved efficiency and cost management strategies enabled the Group to maintain administrative expenses at stable levels.

Proactive engagement by the management with the Government facilitated subsequent settlements of the receivables from the Government entities and State-Owned enterprises resulting in lower bad debts provision for the year.

Although operating margins declined, the Group's underlying cost structure remained stable, with overheads effectively managed at prudent levels.

Net finance costs



274

-16%

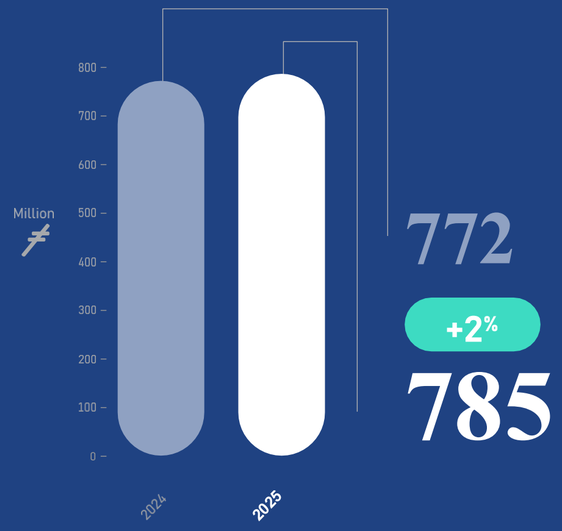
230

During the year, the Group achieved a notable reduction in finance costs. The reduction was mainly attributable to the declining SOFR rates which reduced borrowing costs. Additionally, lower global fuel prices reduced fuel-related financing requirements.

The reduction in finance costs was further driven by the result of securing more favorable terms from suppliers and financial institutions, reflecting the Group's strengthened negotiating position and effective treasury management.

As a result, the overall cost of borrowing decreased, supporting financial stability.

Net Profit



772

+2%

785

The Group ended the year 2025 with a Net profit after tax of MVR 785 million, an increase of 2% compared to the previous year. Despite the reduction in revenue and Gross Profit, the reduction in overall overheads and finance cost resulted in an increase in Net Profit.

While the performance of the shipping segment constrained overall profit growth for the Group, strong contributions from other segments supported the maintenance of overall profitability.

The fuel segment recorded an increase in profitability, while the gas segment delivered exceptional results, with profits doubling year on year. The insurance segment also demonstrated strong performance, achieving a significant 37% growth in profit. Collectively, these gains from the fuel, gas, and insurance segments helped offset the challenges in the shipping segment, enabling the Group to sustain a stable profit position.

The Group's earnings remain robust, underpinning its ability to sustain dividend distributions while supporting ongoing strategic reinvestment initiatives.

Financial Position

During 2025, STO Group maintained a strong asset base, with stable financial position. The Group implemented targeted measures to restructure its financial standing, ensuring that resources were allocated efficiently and liabilities managed prudently.
In addition, the Group strategically invested in viable assets, focusing on opportunities that support long-term growth and sustainability.

A key restructuring initiative was the divestment of the Hulhumalé hotel project under development, valued at USD 20 million. The project was transferred to Housing Development Corporation (HDC), with the Group receiving land in Hulhumalé in exchange. This transaction enabled better alignment of assets with longterm strategic objectives.

The Group continued to invest in property, plant, and equipment, including fleet expansion through additional vessels, improvements to the central medical warehouse, and the Funadhoo fire safety project.

Investments in digital infrastructure, including server upgrades, further enhanced operational efficiency.

STO Group continues to invest in treasury bills and term deposits, which are expected to yield higher returns in the future.

Receivables for the year increased by 7% to MVR 6.4 billion mainly due to increase in receivables from Government entities and State-Owned Enterprises. In response, the Group has strengthened its credit management framework through the implementation of an enhanced Credit Policy and Procedure, introducing a more structured, risk-based approach to credit approvals, limits, and collections.

The Group continues to closely monitor its receivables portfolio, enforce credit limits, and establish more effective arrangements with customers. Supported by these strengthened controls and proactive measures, a gradual reduction in receivables is anticipated during the first quarter of 2026.

The Group prioritized maintaining cash reserves to meet operational requirements and debt obligations resulting in an increase in cash and cash equivalents to MVR 1.98 billion, up from MVR 1.09 billion in 2024.

Overall, the Group's strategic investments and focus on maintaining a sound asset base have resulted in significant growth and profitability, positioning it well for continued success in the future.

Liquidity

Supported by effective working capital management, the Group strategically optimized supplier payment cycles in response to higher receivables, resulting in a 7% increase in trade and other payables to MVR 4.1 billion. This approach, combined with disciplined cash flow forecasting, enhanced sourcing strategies, and strengthened supply chain coordination, reinforced liquidity visibility and operational flexibility.

To support ongoing investments and capital projects aligned with long-term growth priorities, loans and borrowings increased from MVR 3.9 billion to MVR 4.2 billion.

Notwithstanding the higher liability base, the Group's financial position remained robust, with the working capital ratio improving significantly to 1.46 from 1.17 in 2024, reflecting stronger short-term liquidity and balance sheet resilience.

Cashflow

The Group generated operating cash flows of MVR 1.1 billion, an improvement compared to MVR 398 million in 2024. This was driven by higher profitability and the disposal of the Hulhumalé hotel project. Cash outflow from investing activities decreased from MVR 1.3 billion to MVR 30 million. Though proceeds from disposal of financial instruments amounted to MVR 1.3 billion, purchase of fixed assets and financial investments resulted in a net cash outflow of MVR 30 million. The Group secured additional loans throughout the year. This resulted in a net cash inflow from financing activities of MVR 202 million, further supporting the Group's liquidity and funding requirements for ongoing and future projects.

Equity and shareholder value

In 2025, STO's equity position remained stable, primarily supported by retained earnings and a prudent approach to capital management. The Group reinforced its commitment to shareholder value through a dividend declaration of MVR 85 per share, compared to MVR 80 per share in the previous year. This reflects the Board's confidence in the Group's financial performance and cash flow position, while maintaining a balanced approach between rewarding investors and preserving financial strength to support future growth and strategic investments.

Looking Ahead

As the Group enters 2026, STO remains focused on strengthening its core objectives while pursuing sustainable growth across its diversified portfolio. The global environment is expected to remain uncertain, with geopolitical developments, trade disruptions, and energy market volatility continuing to influence fuel prices, supply chains, and financing conditions.

These factors may create short-term pressures on input costs, logistics, and liquidity across key segments.

The Group is well positioned to navigate these challenges through disciplined financial management and proactive treasury strategies, while ensuring the effective management of its operations. The Group will focus on strengthening its supply chain and enhancing logistic capabilities to mitigate external disruptions.

STO Group remains committed to delivering long term value to its stakeholders, supported by a robust financial foundation, strategic agility, and a clear focus on sustainable and profitable growth in an evolving global landscape.

EVOLVE

2026 - 2030

Strategic Business Plan Summary

6
Strategic Pillars

5 Years
Transformation Horizon

MVR
3.5 - 4.5B
Planned capital Investment

2030
Target Year

1. WHAT IS EVOLVE?

EVOLVE is STO's five-year Strategic Business Plan covering 2026 to 2030. It sets out a clear direction for how STO will strengthen its operations, improve its financial performance, modernize its systems, and continue to fulfil its national responsibilities over the coming years.

The name EVOLVE is not simply a title - it reflects the nature of the journey ahead. STO is not starting from scratch. It is building on decades of national service, a diverse portfolio of businesses, and the trust of the Maldivian public, to become a stronger, more capable, and more resilient enterprise. EVOLVE is how that happens — deliberately, responsibly, and with clear accountability.

2. WHY NOW?

The world STO operates in has changed considerably, and will continue to change. Rising costs, increasing competition, growing public expectations for better services, the need for stronger governance, and the realities of climate change all point in the same direction: the time to act is now.

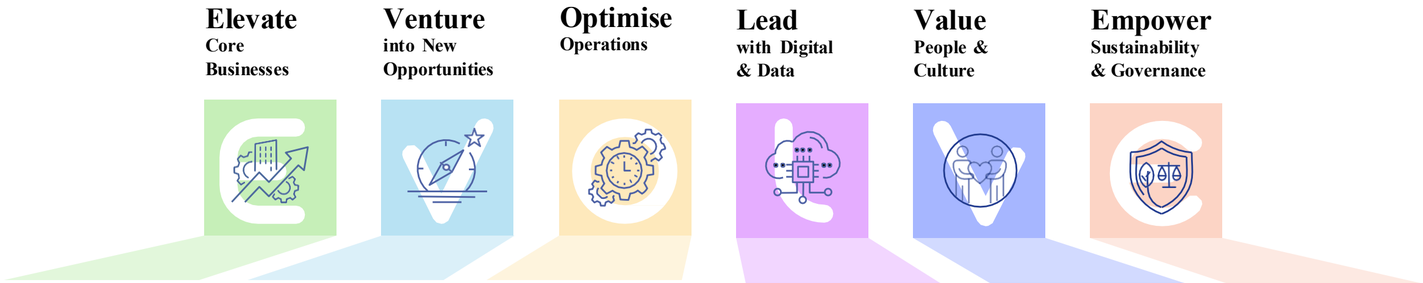
At the same time, there is real opportunity ahead. National infrastructure development, a growing population with evolving healthcare needs, and the continued growth of tourism all create demand that STO is well-placed to meet. EVOLVE is designed to make sure we are positioned to do so.

The plan strikes a careful balance while addressing challenges from a position of institutional strength, while pursuing new opportunities with discipline and without taking unnecessary risks.

"EVOLVE is STO's commitment to doing what we do better, to finding new ways to serve the nation, and to building an organisation that will remain strong and relevant well beyond 2030."

3. THE SIX PILLARS OF EVOLVE

EVOLVE is built on six strategic pillars. Each pillar represents a key area of focus for the Company over the five-year period. Together, they form a complete picture of STO's transformation agenda.



Elevate
Core Businesses

Strengthen performance, reliability, and financial discipline across STO's core businesses; Energy, Healthcare, General Trading, and Construction. Getting our foundations right comes first.

Venture
into New Opportunities

Selectively grow into new areas such as local manufacturing, diagnostics, digital retail, and agriculture, where the fit is strong, the returns are clear, and the risks are manageable.

Optimise
Operations

Modernize STO's logistics, fleet, warehouses, and facilities to reduce costs, improve service reliability, and make better use of the Company's assets across the country.

Lead
with Digital & Data

Invest in modern systems, digital platforms, and data tools to make STO faster, more efficient, and better connected, from operations to customer service to financial management.

Value
People & Culture

Develop STO's people, strengthen leadership, align performance and rewards with results, and build a culture where everyone works together as One STO.

Empower
Sustainability & Governance

Embed responsible environmental practices, strong governance, and sound risk management into how STO makes decisions and runs its operations every day.

4. OUR BUSINESSES UNDER EVOLVE

STO's four core business segments each play a distinct and important role in delivering the EVOLVE plan. Each has a clear strategic direction for the five-year period.

ENERGY
Fuel is the lifeblood of the nation. Under EVOLVE, the Energy segment will grow its volumes responsibly, invest in infrastructure, and maintain uninterrupted supply security across every island.

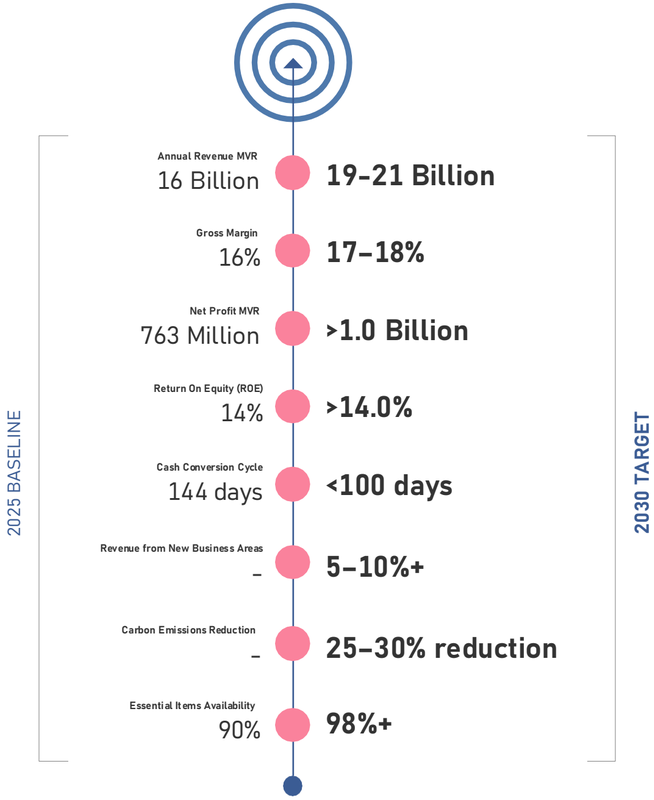
HEALTHCARE SOLUTIONS
Medicines and healthcare supplies reach every corner of the Maldives through STO. EVOLVE will modernise our pharmacy concept, strengthen biomedical services, and expand into diagnostics and chronic care.

GENERAL TRADING
From essential food items to everyday goods, STO keeps shelves stocked and prices stable. EVOLVE will modernise our retail network, expand digital commerce, and reduce waste and inefficiency.

CONSTRUCTION SOLUTIONS
STO supplies the materials that build the Maldives. EVOLVE will expand regional production capacity, develop local manufacturing, and ensure reliable supply for national infrastructure projects.

5. OUR FINANCIAL TARGETS

A key purpose of EVOLVE is to put STO on a stronger financial footing — one that allows the Company to sustain its national responsibilities, invest in its future, and deliver value to shareholders. The targets below reflect where STO is today and where the plan aims to take us by 2030.



STO plans to invest between MVR 3.5 and 4.5 billion over the five-year period. This investment will go towards modernizing our fleet and infrastructure, upgrading digital systems, expanding healthcare and manufacturing capabilities, and building climate resilience into our operations. Every investment will be evaluated carefully against clear criteria before it is approved.

6. HOW WE WILL GET THERE?

EVOLVE will be delivered in three phases, each building on the last. This sequenced approach ensures that STO does not overreach — that foundations are solid before expansion begins.

PHASE I

2026–2027

Stabilisation & Foundation

- Strengthen financial discipline and cash management
- Upgrade core digital and operating systems
- Improve governance and internal controls
- Begin fleet renewal and key infrastructure upgrades
- Roll out the performance and people framework

PHASE II

2027–2029

Optimisation & Selective Expansion

- Modernize logistics, warehouses, and cold-chain
- Scale up manufacturing and healthcare services
- Launch digital retail and e-commerce platforms
- Deepen analytics and automation across the business
- Build leadership capability and succession

PHASE III

2029–2030

Consolidation & Institutionalisation

- Embed all improvements as permanent ways of working
- Achieve full sustainability reporting compliance
- Realise the full financial benefits of the plan
- Prepare STO's strategic direction beyond 2030

7. HOW THE PLAN WILL BE GOVERNED?

EVOLVE is not simply a plan on paper. It is backed by a clear governance structure that ensures accountability at every level of the organization. The Board of Directors holds ultimate oversight, reviewing performance quarterly and approving all major investments. The Executive Committee owns delivery. A dedicated Transformation Office tracks progress, manages risks, and reports to both management and the Board.

Performance under EVOLVE is measured through a comprehensive set of key performance indicators that span financial results, operational reliability, digital progress, people outcomes, and sustainability. These KPIs are reviewed monthly by management and quarterly by the Board. Rewards for employees, including bonuses, are directly tied to actual performance results, not to targets alone.

Our Commitments Under EVOLVE

- Uninterrupted supply of essential goods and services to all Maldivians — always
- Transparent and honest reporting on our performance and progress
- Responsible use of capital, with every major investment carefully evaluated
- A fair and accountable approach to how we reward and develop our people
- Full compliance with the law, regulatory obligations, and governance standards
- Respect for the environment and a commitment to reducing our carbon footprint

8. WHAT STO WILL LOOK LIKE IN 2030?

If EVOLVE is delivered as planned, by 2030 STO will be a meaningfully different organization that is stronger, more capable, and better positioned to serve the nation for the decades ahead.

For The Nation

Essential goods — fuel, medicines, food, and construction materials — will reach every island more reliably, with stronger supply security and better service standards.

Finacially

STO will be a more profitable and financially resilient company, capable of funding its national responsibilities from a position of strength.

Operational

Modernised infrastructure, a renewed fleet, and streamlined operations will make STO faster, more efficient, and less costly to run.

Digitally

Integrated systems, automated processes, and data-driven decision-making will underpin everything STO does — from ordering stock to serving customers.

Sustainability

A measurable reduction in our environmental impact, stronger governance practices, and full transparency in how we report on our performance to all stakeholders.

For The People

A capable, motivated, and well-led workforce — with clear career pathways, fair rewards, and a culture built on accountability and pride in what we do.

A FINAL WORD

EVOLVE 2026–2030 is the result of careful planning, honest assessment of where STO stands today, and a genuine commitment to building a better organisation. It reflects our responsibilities to the nation, to our shareholders, and to the thousands of Maldivians who depend on STO every day.

We are confident in the direction we have set. We are committed to the discipline required to see it through. And we welcome the scrutiny and engagement of every stakeholder — because accountability is not a burden under EVOLVE. It is the foundation on which the entire plan is built.

“Through EVOLVE, STO commits to being a stable, future-ready, and well-governed enterprise -one that continues to serve the nation while building the strength required to thrive well beyond 2030.”

A Future Vision for the STO Community Landscape: A sustainable transformation where infrastructure blends seamlessly with nature, integrating green spaces with smart, future-ready systems to create a cleaner, more resilient environment. This vision reflects STO's commitment to shaping communities that balance progress with environmental responsibility.

Corporate Governance Report

Shaping **Tomorrow TODAY**

“Strong governance is not a compliance exercise — it is the foundation upon which shareholder trust, strategic ambition, and national purpose are built.”

Chairman’s Governance Statement

On behalf of the Board of Directors of STO, I am pleased to present our Corporate Governance Report for the year ended 31 December 2025. This report reflects the Board’s steadfast commitment to the highest standards of governance, transparency, and accountability; principles that are fundamental to STO’s role as the Maldives’ foremost nationally strategic enterprise and one of its largest listed companies. 2025 was a year of significant governance activity for the Board.

We welcomed a new independent director, accelerated our sustainability governance agenda, further strengthened board independence, and made measurable progress across major governance dimensions. I am proud of the Board’s collective commitment to these responsibilities, and I believe the Company enters 2026 with a governance framework that is stronger, more transparent, and better equipped than at any point in time in our listed history.

Leadership Continuity and Board Renewal

We welcomed Aishath Fazeena to the Board in March 2025, bringing the number of female directors to two and bringing STO into full compliance with the CMDA minimum requirement. Fazeena’s expertise in risk management, financial governance, and corporate leadership has already made a valuable contribution to the ARC and NRC, and I look forward to her continued involvement in the years ahead.

Board Effectiveness

The Board held 14 meetings during 2025, maintaining its engagement with all major strategic, financial, and governance matters throughout the year. Our overall attendance rate remained strong, reflecting the commitment of each director to their responsibilities. The annual Board evaluation confirmed that the Board is performing above the threshold rating across all evaluation dimensions. The evaluation also identified clear priorities for the year ahead, in Sustainability, AI and Technology.

Risk Oversight and Internal Controls

In 2025, the Board maintained focus on the elevated risk categories facing the Company - including commodity price volatility, foreign exchange exposure, supply chain resilience, and cybersecurity, and received regular updates from management on the status of key mitigating actions, embedded within the Board paper format. The Audit and Risk Committee further reviewed the Risk Management Policy and Risk Committee Charter. These matters will continue to receive focused attention in 2026.

Sustainability and ESG Governance

Sustainability governance received heightened Board attention in 2025. We continue to publish a standalone Sustainability Report along with the Annual Report. The Board recognizes that our journey toward full sustainability disclosure aligned with Maldives Sustainability Reporting Framework (MSRF) and the IFRS S1 and S2 is a multi-year commitment, and we are determined to advance this responsibly and transparently.

Director Development and Continuing Education

The Board continued to invest in its own development throughout 2025. A key feature of STO’s approach to director continuing education is the monthly Governance Newsletter, produced and distributed by the Company Secretary’s team to all directors of the Group. Rather than relying solely on a single annual refresher session, this monthly publication ensures directors receive timely briefings on regulatory updates, governance best practice, emerging risks and sustainability topics, and compliance obligations on an ongoing basis — twelve editions in a full year. I believe this approach better serves the Board’s need to remain current in a governance environment that evolves continuously. In parallel, directors participated in external professional development programmes, and Aishath Fazeena completed her STO induction programme upon appointment. Full details of director training and development are set out in Section 16 of this Report.

Commitment to Shareholders

The Board remains firmly committed to protecting and promoting the interests of all STO shareholders — both the Government of the Maldives as majority shareholder, and the 4,000+ public shareholders who invest their confidence in this Company. We are committed to timely, transparent, and equitable communication with all shareholders, and to maintaining governance standards that reflect the trust placed in us by our shareholders and the Maldivian public.

Looking ahead, the Board has identified a clear governance roadmap for 2026, including strengthening the Board’s digital literacy agenda, advancing our sustainability knowledge, and embedding the governance enhancements identified through the 2025 Board evaluation and board plan assessment. I am confident that the foundations we built in 2025 will serve STO well in the years ahead.

Amir Mansoor
Chairman

Governance at a Glance 2025

This report sets out how State Trading Organization Plc ("STO" or "the Company") has applied the principles of the CMDA Corporate Governance Code for the year ended 31 December 2025. It is prepared on a comply-or-explain basis. Where any provision was not fully complied with, the circumstances and remediation plan are transparently disclosed.

14 Board meetings held

2 Female directors

100% All committees — independent members

96% Overall attendance rate

Governance Indicators — Year on Year

Governance Indicator	2024	**2025**
Board members (at year-end)	7	**7**
Independent Non-Executive Directors	4	**5**
Female directors	1	**2**
Board meetings held	19	**14**
Average board meeting attendance	97%	**96%**
NED only meetings	1	**2**
ARC meetings held	10	**8**
NRC meetings held	4	**3**
GSC meetings held	4	**6**
Whistleblower cases received	29	**28**
Whistleblower cases attended and resolved	75%	**85%**
Internal audit assignments completed	76%	**79%**
Training programmes completed by directors	12	**8**
Director training investment (MVR)	1,008,101	**1,025,597**
External auditor	Deloitte (Year 2)	**Deloitte (Year 3)**

No penalties, enforcement actions or material non-compliance events were recorded by regulators during the year ended 31 December 2025.

Board Skill Coverage

The chart below illustrates the depth of collective board coverage across key strategic competencies, based on the Board Skill Matrix. Coverage is rated on a 7 director scale reflecting the number of directors with material expertise in each area.

Competency	Coverage	Assessment
Strategic Thinking	●●●●●●●	Excellent coverage
Policy Making and Oversight	●●●●●●●	Excellent coverage
Corporate Governance	●●●●●●●	Excellent coverage
Strategic Financial Management	●●●●●●●	Excellent coverage
Risk Management and Internal Controls	●●●●●○○	Strong coverage
Finance, Accounting and Audit Qualified	●●●○○○	Good coverage
Commercial and Business Development relevant to the Company	●●●○○○	Good coverage
Experience in Leading Board and Committees	●●●○○○	Good coverage
Mergers, Acquisitions and Growth Strategy	●●●○○○	Good coverage
Human Resources and Talent	●●○○○○	Moderate coverage
Legal and Regulatory	●○○○○○	Some coverage
Digital and Technology	●○○○○○	Some coverage
Sustainability and ESG	●○○○○○	Some coverage

● = Director with expertise

1. Governance Philosophy and Governance Model

The Board of Directors and management of STO, together with its subsidiaries (the "STO Group"), are committed to upholding high standards of corporate governance. Our aim is to foster robust, well established governance practices for the benefit of shareholders and all stakeholders; including the Government of Maldives, customers, suppliers, employees and the wider public.

STO operates in accordance with the Companies Act (Act No. 7/2023), the CMDA Corporate Governance Code, the Securities Act of Maldives, the Listing Rules of the Maldives Stock Exchange (MSE), the Securities Continuing Disclosure Obligations of Issuers Regulations 2019 (SCDOI Regulation), and its Articles of Association, Board Charter, committee charters and internal policy documents.

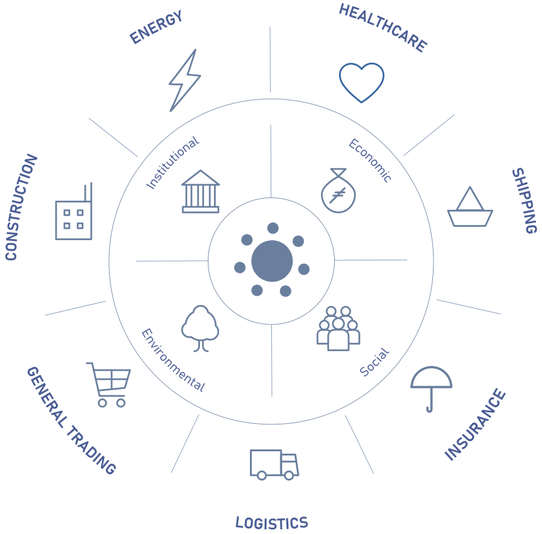
STO's governance framework has evolved significantly since the Company first established its governance guidelines in 2006. The Board periodically reviews and updates all governance instruments to keep pace with regulatory developments, governance best practice and the Company's evolving strategic context.

1.1 Our Four Governance Principles

Accountability	The Board and management are accountable to shareholders and other legitimate stakeholders for the stewardship of the Company's assets, the conduct of the business and the long-term sustainability of STO. This accountability extends to subsidiaries and entities in which STO holds a significant interest.
Transparency	The Company seeks to provide timely, accurate and balanced disclosures of material information and to maintain clear governance reporting in accordance with applicable law, regulation and listing obligations. STO communicates openly and honestly with shareholders, regulators and all material stakeholders.
Integrity	STO expects directors, management and employees to act lawfully, ethically and in the best interests of the Company at all times, and to avoid conflicts of interest and misuse of authority or information. The Board sets the tone from the top and expects a culture of integrity throughout the Company.
Fairness	The Company is committed to equitable treatment of all shareholders and to fair dealing with employees, customers, suppliers, regulators and the wider public. The Board does not permit discrimination, favoritism or improper preferential treatment in any form.

1.2 Governance Model — How We Create Value

The Board oversees value creation through an integrated governance model that recognizes STO's economic, social, environmental and institutional responsibilities. Strategic decisions, capital allocation, policy approvals and oversight actions are evaluated against this framework to ensure that short-term performance never comes at the expense of long-term sustainability, public trust or national service. STO Group operates across energy supply, general trading, healthcare, construction, logistics, insurance and shipping - making breadth of governance coverage a strategic necessity.

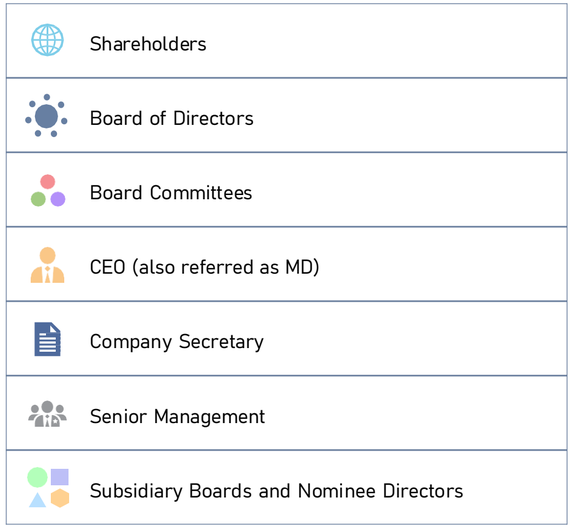


2. Governance Framework and Structure

STO operates within a comprehensive governance architecture that establishes clear lines of authority, accountability and oversight across the Company and the STO Group. The framework supports disciplined decision-making, effective control and appropriate escalation of material matters. For reporting purposes, this report presents information relating to the Company, except where it is expressly stated that Group-level information has been included.

2.1 Governance Hierarchy

The principal layers of STO's governance framework are as follows, with each tier exercising defined responsibilities:



Responsibilities

Shareholders exercise their rights through the Annual General Meeting and other properly convened meetings. Core shareholder decisions include election of directors where applicable, approval of dividends, appointment of external auditors and amendments to the Articles of Association.

The Board is collectively responsible for the long-term success of the Company and for providing effective leadership within a framework of prudent and effective controls. The Board approves strategy, budgets, major investments, key policies, material transactions and the Company's governance, technology and risk architecture.

The Board has established three principal committees: the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Governance and Sustainability Committee. Each committee operates under a Board-approved charter and reports to the Board on matters within its mandate.

The CEO leads management and is responsible for executing Board-approved strategy, managing day-to-day Group operations and ensuring that the Board receives timely, accurate and balanced information on the performance, condition and prospects of the Company and Group.

The Company Secretary supports the Board and committees, advises on governance and regulatory process, facilitates compliance, and ensures sound Board administration and adherence to applicable governance requirements.

Management is responsible for operational implementation, performance delivery, control execution, policy adherence and escalation of material issues to the CEO and Board as appropriate.

Subsidiary governance forms part of STO's Group oversight model. The Board expects clarity of mandates, reporting lines and director responsibilities across subsidiary and associated entities, governed under the STO Group Corporate Governance Code and Governance Framework.

2.2 Matters Reserved for the Board

The Board retains exclusive authority over matters that are strategic, material, high risk, legally significant or otherwise unsuitable for delegation. A formal schedule of matters reserved for the Board is maintained and reviewed periodically. These include, among others:

- Approval of the long-term strategy and business plan
- Approval of annual budgets and material capital expenditure
- Approval of quarterly and annual financial statements and annual reports
- Approval of dividend policy and dividend declarations within legal authority
- Approval of the risk appetite statement and oversight of the enterprise risk management framework
- Oversight of the internal control framework and assurance architecture
- Appointment and removal of directors, the company secretary and recommendation of external auditor matters
- Approval of Board and committee charters and major governance policies
- Approval of related party transactions above delegated thresholds
- Approval of major borrowings, guarantees and security arrangements
- Approval of major litigation strategy or settlement, where material
- Oversight of major technology, transformation and infrastructure investments

2.3 Subsidiary and Group Governance

The Board recognizes that STO's governance responsibilities extend beyond the listed parent company and must be reflected across the Group in a structured and proportionate manner. As at 31 December 2025, STO held majority interests in subsidiaries, interests in associated companies and joint venture arrangements. The Board has designated the CEO to exercise oversight across all Group companies.

During 2025, the Board continued work on strengthening Group governance through: clearer nominee director expectations; greater consistency in policy application where appropriate; periodic subsidiary performance and governance reporting to the Board; development and implementation of a Group Governance Framework introduced during the year; and increasing focus on Board composition, skills and governance maturity across subsidiary boards. All majority interest subsidiaries published their own corporate governance reports in 2025 in accordance with the Group Governance Code.

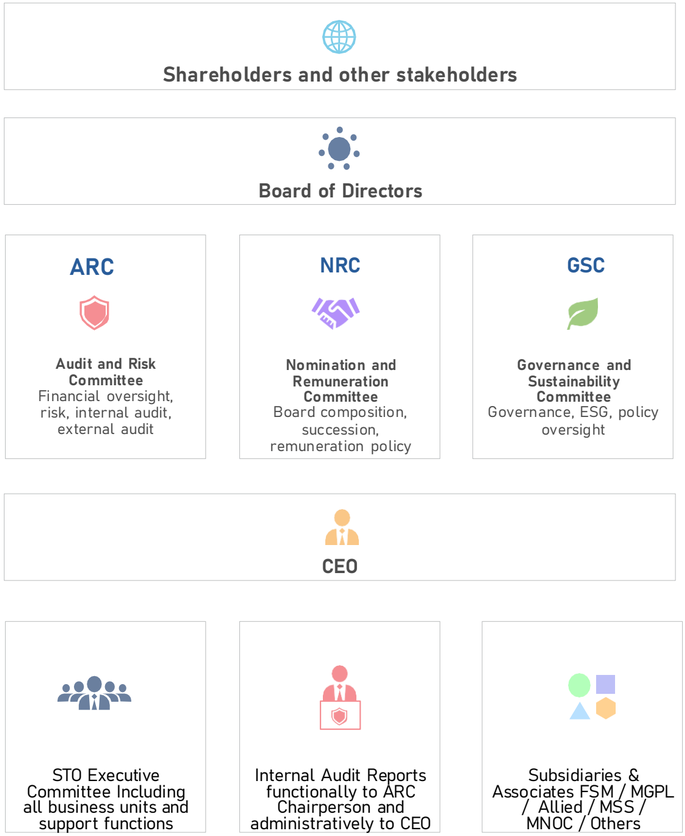
2.4 Governance Policies and Key Charters

The Company's governance framework is supported by Board-approved charters, frameworks and policies. These are reviewed on a rolling basis by the Governance Committee and updated as required. Key instruments include:

- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Committee Charter
- Governance and Sustainability Committee Charter
- Delegation of Authority and Approval Limits
- Code of Ethics and Code of Conduct
- Conflict of Interest Disclosure Procedures
- Anti-Bribery and Anti-Corruption Policy
- Whistleblowers Policy
- Speak-Up Procedures
- Insider Trading and Securities Dealing Guidelines
- Organization Health and Safety Policy
- Risk Management Framework and Policy
- Internal Audit and External Audit Policies
- Related Party Transaction Procedures
- Group Governance Code and Group Governance Framework

2.5 Governance Structure

The diagram below illustrates STO's governance architecture, showing the hierarchy of oversight and accountability from shareholders through to business units and subsidiaries.



The above diagram represents STO's governance structure as at 31 December 2025.

3. Board of Directors

3.1 Board Composition and Changes in 2025

STO's Board began 2025 with seven members: two executive directors, four independent non-executive directors and one non-independent non-executive director. Following the resignation of Mohamed Murad on 9 January 2025 and the appointment of Aishath Fazeena on 11 March 2025, the Board closed the year with seven directors: the Independent Non-Executive Chairman, two Executive Directors and four Independent Non-Executive Directors. The composition at year-end satisfies the CMDA minimum requirements for board size, independence, separation of Chairman and MD/ CEO roles, and female director representation.

Director	Role	Appointed	Status
Amir Mansoor	Chairman (Non-Executive)	December 2023	Served throughout 2025
Shimad Ibrahim	CEO (Executive Director)	November 2023 / Director since 2019	Served throughout 2025
Mohamed Nizam	CFO (Executive Director)	March 2021	Served throughout 2025
Mohamed Ahsan Saleem	Independent Non-Executive Director	May 2023	Served throughout 2025
Dhaanish Mohamed Ameen	Independent Non-Executive Director	December 2023	Served throughout 2025
Reesha Abdul Munnim	Independent Non-Executive Director	January 2024	Served throughout 2025
Aishath Fazeena	Independent Non-Executive Director	March 2025	Served since appointment in March
Mohamed Murad	Non-Executive (Non-Independent)	December 2023	Resigned 9 January 2025

3.2 Board Responsibilities

The Board is collectively responsible for promoting the long-term success of the Company and for setting the tone from the top. Its principal responsibilities include:

- Setting strategic direction and approving major strategic initiative
- Approving business plans, annual budgets and material capital expenditure
- Overseeing performance, capital allocation and resource prioritization
- Overseeing risk management, internal control and assurance arrangements
- Ensuring integrity of financial and non-financial reporting
- Overseeing governance, ethics, compliance and sustainability matters
- Monitoring succession planning for the Board, CEO and key executives
- Ensuring fair treatment of shareholders and appropriate stakeholder consideration
- Promoting a culture of lawful, ethical and responsible conduct across the Group

3.3 Director Profiles

Director qualifications and experience are disclosed below for all directors serving during 2025.

AMIR MANSOOR

Chairman —
Independent, Non-Executive Director

Appointed: December 2023

Amir Mansoor was appointed as the Chairman of the Board on 5 December 2023, representing the Government of Maldives, the Company's majority shareholder.

Amir holds a Master of Business Administration from Tarlac University and an Executive Diploma in Directorship from Singapore Management University. Furthermore, he has completed the Qualified Risk Director program at the Institute of Enterprise Risk Practitioners in Malaysia.

As a seasoned entrepreneur with over37 years of extensive experience in business development and management, he has played a pivotal role in establishing and leading numerous business ventures across various sectors. Currently, Amir Mansoor serves as the Managing Director of Lily International Pvt Ltd, Carpe Diem Maldives Pvt Ltd, Grape Expectations Pvt Ltd, Salt & Rock Real Estate Pvt Ltd, Huravalhi Beach Resort Investments Pvt Ltd, Mariculture Maldives Pvt Ltd, and HIM Management Company Services Pvt Ltd.

Committee: None
Shares held: None

SHIMAD IBRAHIM

Chief Executive Director

Appointed: November 2023

Shimad Ibrahim was first appointed to the Board of Directors in May 2019 as a representative of the majority shareholder and later assumed the role of CEO on 28 November 2023.

A Chartered Accountant with over 20 years of professional experience, he holds a Bachelor of Accounting (Honours) degree from the International Islamic University of Malaysia, where he was recognized as the Best Student in Management Accounting.

Currently, Shimad serves as a Director at SFG Corporate Services, SFG Logistics, S&A Tax and Financial Services, Lisa Maldives and Maldives Industrial Development Free Zone PLC. He is also the Chairman of Maldives National Oil Company Ltd.

His extensive career includes senior leadership roles such as Chief Financial Officer at Villa Group, Head of Finance at Maldives Islamic Bank, and Chief Finance Executive at the Ministry of Finance. He has also served as a Board Director at Maldives Islamic Bank PLC, Maldives Tourism Development Corporation PLC, Thilafushi Corporation Limited, Upper South Utilities Limited, and Fenaka Corporation Pvt Ltd. In addition, he has contributed to national financial governance as a member of the National Debt Management Committee.

Committee: None
Shares held: 55 STO ordinary shares (direct)

Mohamed Murad served as a Non-Executive (Non-Independent) Director until his resignation on 9 January 2025. He is therefore not included in the year-end profile disclosures.

MOHAMED NIZAM

Chief Financial Officer
Executive Director

Director since: March 2021

Mohamed Nizam joined STO in 2010, was appointed to the Board of Directors on 18 March 2021, and currently serves as the Company's Chief Financial Officer in addition to his role as a Board Director.

Nizam holds a Master of Business Administration in Financial Management from the University of Ballarat, Australia, and a Bachelor of Arts (Honours) in Finance and Accounting from the University of East London, UK. He is also a Fellow Member of the Chartered Institute of Management Accountants (FCMA, CGMA).

In addition, he is a professional member of the Institute of Enterprise Risk Practitioners, a Certified Enterprise Risk Advisor, and a Certified Associate Consultant for the SAP Finance and Controlling module.

Throughout his tenure at STO, Nizam has rendered distinguished service in several key positions, including Head of Procurement, Chief Risk Officer, Senior Finance Manager, and Senior Information Systems Manager.

He currently serves as Chairman of Raysut Maldives Cement Pvt Ltd and STO Maldives (Singapore) Pvt Ltd, and as a Board Director of the Maldives National Oil Company Limited.

His previous leadership roles include serving as Chairman of Fuel Supplies Maldives and Chairman of the Board of Allied Insurance Company of the Maldives Pvt Ltd, as well as Board Director of Maldives State Shipping Company Pvt Ltd, Maldives Industrial Fisheries Company Limited, and Fenaka Corporation. Furthermore, he has served as a Board Member of the Maldives Stock Exchange and the Maldives Securities Depository.

Committee: None
Shares held: None

MOHAMED AHSAN SALEEM

Independent
Non-Executive Director

Appointed: *May 2023 (public shareholder representative)*

Mohamed Ahsan Saleem was re-elected at the 2024 AGM as the public shareholder representative. He also serves as the Director of Operations at Tree Top Hospital.

Ahsan holds a Master of International Tourism and Hotel Management from Southern Cross University, Singapore. He also earned a Bachelor of Business in International Hotel and Resort Management from the Blue Mountains International Hotel Management School, Australia, and a Diploma in Hotel Management from Les Roches Hotel Management School, Switzerland.

Furthermore, he has completed the Board Certification examination from Corporate Directors International. His academic pursuits also include a course in Business Sustainability Management from the University of Cambridge, and he holds a Private Pilot License from the Seletar Flying Club, Singapore.

Previously, Ahsan held the position of Head of Information Technology at Tree Top Hospital. His extensive career in the tourism and hospitality sector includes roles at Conrad Maldives Rangali Island, Hilton Seychelles, Les Roches Switzerland, and Collège du Léman Switzerland.

Additionally, he has experience in the Maldivian guesthouse and diving sectors and has worked with the Maldives Association of Tourism Industry (MATI).

Committee: ARC (Member), GSC (Chair from March 2025)
Shares held: 200 STO ordinary shares (direct)

DHAANISH MOHAMED AMEEN
Independent Non-Executive Director

Appointed: December 2023

Dhaanish Mohamed Ameen was appointed to the Board of Directors of STO on 18 December 2023.

Dhaanish holds a Bachelor of Law (Honours) from the University of Warwick, UK, and completed the Legal Practice Course at the University of Law, qualifying as a Solicitor. He is also a member of the Chartered Institute of Arbitrators, Maldives.

Currently, Dhaanish practices as a lawyer at SHC & Tax Law Firm, specializing in banking, finance, tourism, and infrastructure law. His professional excellence has been recognized internationally in 2023 when he was ranked as a "Rising Star Partner" by both IFLR1000 and Chambers and Partners.

Furthermore, he was ranked as a Notable Practitioner in Mergers and Acquisitions by Asia Law in 2019 and 2023. In addition to his legal practice, he has also served as a visiting lecturer at Villa College.

Committee: GSC (Member from March 2025), ARC (Member from May 2025)
Shares held: None

REESHA ABDUL MUNNIM
Independent Non-Executive Director

Appointed: *January 2024*

Reesha Abdul Munnim was appointed to the Board of Directors of STO on 28 January 2024.

Reesha holds a Master of Business Administration from the University of Mysore, India, specializing in Sales and Marketing. She also earned a Bachelor of Business Management and a Diploma in Foreign Trade from JSS College for Women, India. Additionally, she has attained an Associate Diploma in Organizational Learning and Development from the Chartered Institute of Personnel and Development (CIPD), UK.

Her professional background includes serving as Senior Manager for Learning and Development at Island Aviation Services Limited, where she also held various roles within the Commercial and Human Resources departments.

Reesha has also contributed significantly to academia as a lecturer, teaching students from foundation to master's level at MAPS College, Villa College, Click College, Avid College, and Male' Business School.

She is a member of the Singapore Chapter of Women in Aviation International (WAI) and the Maldives Association of Human Resource Professionals (MAHRP).

Committee: NRC (Chair), ARC (Member), GSC (Member)
Shares held: None

AISHATH FAZEENA
Independent Non-Executive Director

Appointed: March 2025

Aishath Fazeena was appointed to the Board of Directors of STO on 11 March 2025.

Fazeena is an affiliate member of the Association of Chartered Certified Accountants (ACCA). She holds a Master of Business Administration from the University of the West of England and a Bachelor of Science in Applied Accounting from Oxford Brookes University. Furthermore, she has completed an Executive Diploma in Directorship from Singapore Management University and the Directors Training Program conducted by the CMDA.

Currently, she serves as an Accountant at Waldives Private Limited. Fazeena possesses extensive experience in corporate governance, having previously served as a Board Director of several prominent organizations, including Maldives Transport and Contracting Company (MTCC), Maldives Tourism Development Corporation (MTDC), and the Maldives Pension Administration Office (MPAO). She also previously served as a Board Director of STO in 2018.

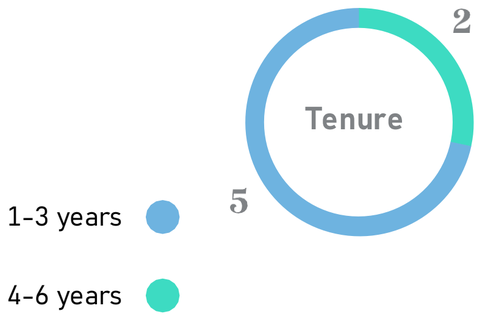
In the academic sphere, Fazeena has contributed as a visiting lecturer at Villa College and MAPS College, as well as a lecturer at the Maldives National University.

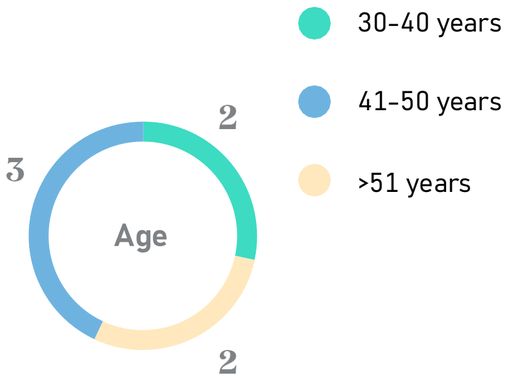
Committee: ARC (Chair from March 2025), NRC (Member from March 2025)
Shares held: 1 STO ordinary share (direct)

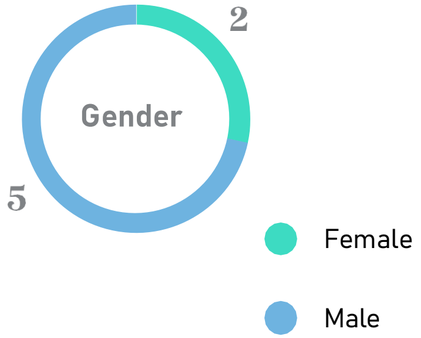
3.4 Board Diversity, Skills and Experience

The Board recognizes that its effectiveness depends on an appropriate mix of skills, sectoral knowledge, independence, gender, age, tenure and perspectives. The Board does not regard diversity as a compliance issue alone; rather, it is an enabler of better judgement, broader challenge and more resilient decision-making. The NRC uses the Board Skill Matrix to inform succession planning, future Board appointments and determine director development priorities.

As at 31 December 2025: the Board included finance, governance, legal, risk, commercial, human resources and sectoral operating experience; and tenure ranged from under one year to five years.







3.5 Director Independence and Annual Assessment

The Board, through the Nomination and Remuneration Committee, reviews the independence of each Non-Executive Director annually and whenever a change in circumstances may affect independence. The review is based on the criteria set out in the CMDA Corporate Governance Code and international best practices.

Independence Assessment Criteria — Seven Factors Reviewed

#	Criterion	Description
1	Employment relationship	No director has a current or recent employment relationship (within the past five years) with the Company or the Group in an executive capacity, other than the Executive Directors serving in management roles.
2	Material business relationship	Although the Chairman and the Public-representing Director are employed by companies that are customers of the Company, the Board has assessed that these relationships do not constitute a material business or professional relationship and therefore do not impair their independence.
3	Family or personal relationships	The Board reviewed potential family or close personal relationships that could impair independence. While the Public-representing Director has a family member serving on the board of a related entity within the STO Group, the Board determined that this relationship does not influence the director's independence.
4	Significant shareholding or representation	No director holds a significant shareholding or representative mandate that could reasonably be expected to subordinate independent judgement to the interests of a third party.
5	Material additional remuneration	No director receives any material compensation from the Company other than standard director fees and, in the case of Executive Directors, their regular employment remuneration.
6	Cross-directorships	The Board assessed whether any cross-directorships or significant links with other directors through involvement in other companies exist that could give rise to perceived conflicts. None were identified.
7	Other relevant circumstances	The Board considered whether any other relationship, interest or circumstance exists that could reasonably affect a director's independence and concluded that none were identified.

Three Step Annual Independence Process

Step 1 — Declaration
Each NED's completes an annual written declaration of independence, confirming their status against each of the seven criteria. Declarations are submitted to the Company Secretary.

Step 2 — NRC Review
The NRC reviews all declarations, considers any disclosed interests or changes in circumstances, and makes a recommendation to the full Board on each director's independence classification.

Step 3 — Board Determination
The full Board makes a formal determination of each director's independence status and approves the disclosure in the Annual Report. The Board's determination is final.

Independence Determination for 2025

Director	Classification	Declaration	Board Determination
Amir Mansoor	● ●	●	●
Mohamed Ahsan Saleem	●	●	●
Dhaanish Mohamed Ameen	●	●	●
Reesha Abdul Munnim	●	●	●
Aishath Fazeena	●	●	●

- Chairman
- Independent non-executive
- Completed
- Confirmed independent. No relationships or interests identified.

All Non-Executive Directors serving at year-end were assessed as independent.

3.6 Director Appointment and Election Process

STO's director appointment and election process is formal, merit-based and governed by the Board Candidacy Guideline and applicable regulations. All directors are appointed for a one-year term and may be re-elected or replaced during or at the subsequent AGM.

Director Appointment Process — Five Steps

Notice Period — 21 Days: Shareholders are provided with a 21-day notice period to submit their nominations or express their interest in directorship positions.

Nominations Submitted — Two Parallel Tracks: (i) Majority Shareholder Track — The PCB nominates individuals on behalf of the majority shareholder. (ii) Public Shareholder Track — Public shareholders express their interest directly to the Company.

Evaluation and Interviews: Candidates from the public shareholders undergo evaluation and interviews with the NRC where necessary. Suitable individuals are identified for recommendation based on the Board Candidacy Guideline criteria.

NRC Recommendation to the Board: The NRC provides recommendations to the Board on eligible candidates for directorship election at the AGM, on behalf of public shareholders, and presents the PCB letter confirming majority shareholder nominees.

AGM – Shareholder Approval: Selected nominations — both PCB nominees and public shareholder candidates recommended by the NRC — are presented to the Annual General Meeting for shareholder approval.

NRC Candidate Assessment Criteria

In evaluating shareholder nominees and directorship applicants, the NRC applies the following criteria, among others, in accordance with the Board Candidacy Guideline:

- Integrity, reputation and suitability of character
- Relevant qualifications, skills and professional experience
- Independence
- Adequate time commitment relative to all other obligations
- Diversity considerations, including gender, age and professional background
- Sector relevance and strategic fit with STO's evolving governance needs
- Contribution to collective Board capability and identified skill matrix gaps
- Any actual or potential conflict of interest

Appointment Outcome

For the 2025-2026 term, only one candidate from the public shareholders expressed interest in the Public Shareholder Director position, being the incumbent director, Mohamed Ahsan Saleem.

The NRC reviewed his continued eligibility, experience, and performance in accordance with the Board Candidacy Guideline and determined that his capacity to continue serving remained satisfactory. Shareholders subsequently approved his nomination for a second term.

All nominations made by the PCB to the Board were also ratified at the AGM. All directors are appointed for a one-year term and may be re-elected or replaced during or at the subsequent AGM.

3.7 Annual Board Strategy Session and EVOLVE Strategic Business Plan 2026–2030

The Board conducted dedicated strategy sessions in 2025, providing extended opportunity for structured strategic discussion. The primary outcome was the Board's approval of the EVOLVE Strategic Business Plan 2026–2030 — STO's enterprise transformation framework for the next five years — as well as a review of the subsidiaries' progress on their respective Strategic Action Plans. The EVOLVE Plan was approved as the strategic direction and operating framework for STO; it does not in itself authorize individual capital projects or expenditures, each of which remains subject to separate Board approval.

STO's 2030 Strategic Ambition

The EVOLVE Plan responds to a demanding operating environment characterized by rising costs, supply chain volatility, structural foreign currency constraints, heightened governance expectations and the need for greater financial discipline. It establishes a unified strategic framework to guide decision-making, prioritize investment, modernize STO's operating platform and embed a One-STO culture across the organization.

By 2030, STO aims to be a resilient, future-ready enterprise that: delivers uninterrupted national supply security with high service reliability; operates with strong commercial discipline, stable profitability and improved cash efficiency; leverages integrated digital platforms and data-driven decision-making; maintains a capable and future-ready workforce; and embeds sustainability and governance into all operational and investment decisions.

For details on EVOLVE refer to page 46-49.

3.8 Board Meetings, Minutes and Attendance

The Board met 14 times during 2025. Two additional meetings of the Non-Executive Directors were held separately, without the executive directors present. The Board is satisfied that the frequency of meetings and quality of information provided enabled directors to discharge their responsibilities effectively.

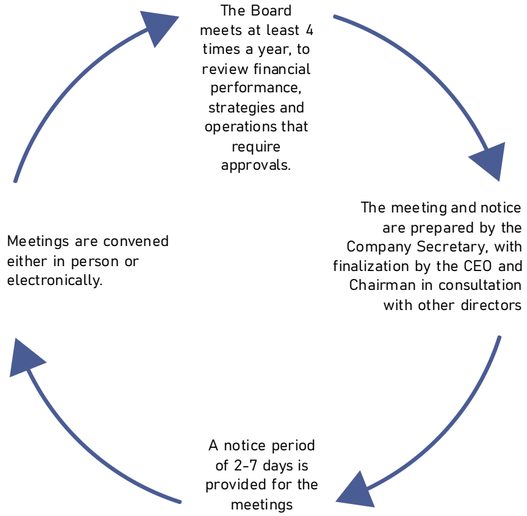
Name of Director	Meeting attended / held in 2025					
	BM	ARC	NRC	GSC	NED	A
Amir Mansoor (Chairman)	14/14	-	-	-	2/2	16/16
Shimad Ibrahim (CEO)	14/14	-	-	-	-	14/14
Mohamed Nizam	14/14	-	-	-	-	14/14
Mohamed Ahsan Saleem	14/14	8/8	-	6/6	2/2	30/30
Dhaanish Mohamed Ameen	12/14	4/5	3/3	6/6	2/2	27/30
Aishath Fazeena*	9/11	7/7	2/2	-	2/2	20/22
Reesha Abdul Munnim	14/14	7/7	3/3	6/6	2/2	32/32

** From 11 March 2025.*
Low attendance since she was on maternity leave

- Board Meeting
- Audit and Risk Committee
- Nomination and Remuneration Committee
- Governance and Sustainability Committee
- Non-Executive directors meeting
- Aggregate

Where a director was unable to attend, the director accessed meeting papers through OnBoard and had the opportunity to raise matters with the Chairman in advance.

Minutes of Board meetings are recorded in sufficient detail with the matters considered by the Board and decisions reached, including any concerns raised by directors or dissenting views expressed. Furthermore, minutes of Board meetings were circulated to the respective Board members for comment where appropriate and are duly kept for inspection by any director.



3.9 Board Work Plan and Key Matters Considered in 2025

The Board operates under an annual work plan to ensure systematic coverage of recurring strategic, financial, governance, risk and stakeholder matters. The work plan is prepared by the Company Secretary in consultation with the Chairman and committee chairs and is approved at the start of each year. The following categories of matters were covered during 2025:

Board Meeting Category	Key Matters — 2025
Financial Oversight	Quarterly and annual financial performance; quarterly management accounts; 2025 budget approval; 2024 Annual Report and financial statements approval; monthly briefings on STO and subsidiary performance.
Strategic and Business Planning	Preparation of EVOLVE Strategic Business Plan 2026–2030; review of subsidiary strategic action plans; subsidiary performance review; digital transformation prioritization discussions.
Board Composition and Governance	Appointment of directors; committee restructuring; review of Board composition and skills matrix; NRC recommendations on governance and independence.
Risk and Internal Control	Enterprise risk register and heat map review; oversight of commodity price volatility, FX exposure, internal control matters, cybersecurity; ARC reports to Board; Review of Risk Management Policy and Committee Charter.
Sustainability and ESG	Review and endorsement of 2024 Sustainability Report; initiation of IFRS S1/S2 implementation planning and GHG emissions workstream; establishment of a dedicated unit under Corporate Affairs.
Board Evaluation	Discussion of 2025 Board evaluation outcome; agreement of 2026 improvement actions.
Subsidiary and Group Governance	Subsidiary performance reporting; nominee director arrangements; introduction of Group Governance Framework; introduction of reviewed governance policies; subsidiary governance reports.
Stakeholder and Policy Matters	Policy and procedure review programme; regulatory updates; whistleblowing statistics; timely shareholder communication.

Monthly financial and operational review reports on STO and all major subsidiaries were circulated to directors throughout 2025. Risk oversight is embedded in the Board paper for every item presented to the Board.

Board Agenda Effectiveness Review — Time Allocation and 2026 Rebalancing

As part of its commitment to continuous Board effectiveness improvement, the Board conducted a formal review of its agenda time allocation during 2025, benchmarking the proportion of Board discussion time devoted to each governance category against leading international governance frameworks — including the OECD Principles of Corporate Governance and the UK Corporate Governance Code.

The Board's assessment of its own agenda time allocation identified the following areas for improvement:

Area	Board's Findings	Actions Taken in 2025 / 2026
Operations and Procurement	Procurement approvals occupied a structurally higher share of Board agenda time. The issue is not the nature of the items but their share of meeting time relative to higher-order governance categories.	Board approved continuation of existing procurement approval arrangements. A structured 14-item agenda framework was adopted for 2026 to ensure procurement approvals are time-bounded within each meeting.
Strategy and Long-Term Direction	Strategic matters were discussed through individual investment and project approvals rather than through structured strategic deep-dives, competitive analysis or scenario planning sessions.	Dedicated quarterly strategic discussion introduced as a standing agenda item from 2026.
People and Culture; ESG and Sustainability	Both categories received relatively below-benchmark attention. People matters were addressed through remuneration and individual HR decisions. ESG matters were considered in the context of specific projects rather than through a consolidated governance framework.	Dedicated People and Culture and ESG and Sustainability standing agenda items introduced for Board meetings from 2026.

3.10 Board and Executive Succession Planning

The Board, through the NRC, maintains oversight of Board succession planning to ensure orderly refreshment, continuity of skills and leadership resilience. This includes succession planning for the chairman, committee chairpersons and committee membership, as well as broader Board capability planning over the medium term.

In 2025, the succession process was tested in practice: Mohamed Murad's departure in January 2025 triggered the NRC's nomination process, resulting in the appointment of Aishath Fazeena in March 2025 — demonstrating that the Board's succession and search processes can operate with appropriate speed when required. The Board considers this a positive demonstration of governance resilience.

During 2025, the Board considered succession and composition implications arising from the resignation of Mohamed Murad and the appointment of Aishath Fazeena, and adjusted committee memberships accordingly.

The Board also conducted a review of its existing skills matrix, taking into account STO's evolving strategic direction and the increasing complexity of its operating environment. In particular, the review considered the extent to which the current composition of the Board reflects the competencies required to oversee key priority areas, including digital transformation and data-driven operations, ESG and sustainability reporting, enterprise risk management, and the governance of a diversified Group structure.

The Board considered whether the existing mix of skills adequately supports effective oversight, informed decision-making, and the ability to challenge and guide management across these critical areas. The outcome of this review will inform future considerations relating to Board composition, succession planning, and targeted capability enhancement.

Role	Current Holder	Succession Approach	NRC Oversight Timeline
Chairman	Amir Mansoor	Majority shareholder nomination; NRC to maintain view on requisite skills and transition lead time.	Annual review
CEO	Shimad Ibrahim	Majority shareholder nomination. Possible internal succession candidates identified and documented through CEO role delegation matrix.	Annual review
CFO	Mohamed Nizam	Appointed by the Board. NRC monitors internal capability development.	As required
Independent NEDs	Reesha Abdul Munnim; Aishath Fazeena; Dhaanish Mohamed Ameen; Mohamed Ahsan Saleem	Shareholder nominations; NRC to maintain view on requisite skills and transition lead time.	Annual review

3.11 Director Time Commitment and External Commitments

The Board recognizes that directors has provided sufficient time to discharge their responsibilities effectively. As part of the appointment and ongoing annual review process, directors are required to disclose all significant external commitments, including directorships of other companies and significant professional roles. The NRC and Board consider whether each director remains able to devote adequate time and attention to STO matters.

Please refer to their profiles on page 57-59 for further details.

4. Board Committees

The Board has constituted three principal committees to provide focused oversight in areas that require dedicated attention. Each committee operates under a Board-approved charter setting out its mandate, membership requirements, authority and reporting responsibilities. In 2025, the Board confirmed that all committees were properly constituted, sufficiently resourced, and functioning efficiently within their respective mandates.

Audit and Risk Committee

Nomination and Remuneration Committee

Governance and Sustainability Committee

4.1 Audit and Risk Committee (ARC)

The Audit and Risk Committee assists the Board in overseeing financial reporting integrity, internal controls, risk management, internal audit, external audit, compliance matters within its remit, and the adequacy of the overall assurance environment.

Composition: Chairperson (from 11 March 2025): Aishath Fazeena (CISSP, PMI-RMP, MBA) | Prior Chairperson (to March 2025): Mohamed Ahsan Saleem | Members: Reesha Abdul Munnim; Mohamed Ahsan Saleem (Member from March 2025); Dhaanish Mohamed Ameen (Member from 18 May 2025). All members are Independent Non-Executive Directors.

The Committee held 8 meetings in 2025.

Aishath Fazeena
Chair since
11 March 2025
Attended 7/7 meetings

Mohamed Ahsan Saleem
Former Chair; Current Member
since March 2025
Attended 8/8 meetings

Reesha Abdul Munnim
Member since
March 2025
Attended 7/7 meetings

Dhaanish Mohamed Ameen
Member since
18 May 2025
Attended 4/5 meetings

Principal Responsibilities

- Reviewing quarterly and annual financial statements prior to Board approval
- Overseeing the integrity of financial reporting and significant accounting judgements
- Reviewing the adequacy and effectiveness of risk management and internal control systems
- Reviewing the enterprise risk register and material risk exposures quarterly
- Approving the Internal Audit Charter and annual audit plan
- Reviewing internal audit reports, findings and management action plans
- Overseeing the independence, effectiveness and appointment process of the external auditor
- Reviewing and approving non-audit services to protect auditor independence
- Monitoring the whistleblowing framework and investigation of material matters
- Monitoring the Going Concern assessment and reviewing the Board Assurance Statement
- Reporting to the Board on significant matters within its remit after each meeting

Activities in 2025

- Reviewed quarterly and annual financial reporting; reviewed significant accounting judgements and estimates
- Reviewed the enterprise risk register and heat map; reviewed key risk areas including commodity price volatility and cybersecurity
- Reviewed internal audit reports and the status of management action plans; monitored overdue actions
- Assessed the effectiveness of the Internal Audit function and approved the 2025 audit plan
- Reviewed the external audit process, key audit matters, management letter points and Deloitte's independence declarations
- Oversaw the whistleblowing channel statistics and investigated material reports as required
- Provided regular written reports to the Board after each ARC meeting on audit, risk and assurance matters
- Approved the 2025 work plan and the 2026 calendar

ARC

Declaration

The Audit and Risk Committee confirm that, in the opinion of the Committee, it has fulfilled its responsibilities as set out in its Terms of Reference during the year ended 31 December 2025. The Committee is satisfied that it has received sufficient, timely and reliable information from management and the external and internal auditors to discharge its responsibilities and is satisfied with the adequacy of internal controls and risk management systems.

Looking Forward — 2026 Priorities

In 2026, the ARC will focus on: (1) Cybersecurity governance — overseeing the Board-approved IT Governance Policy and cybersecurity improvement programme; (2) Risk oversight depth, presenting risk scenario deep-dives on the top principal risks directly to the full Board; (3) IFRS S1/S2 assurance readiness and overseeing development of assurance-ready ESG data systems; (4) Internal audit capacity review; and (5) Continued oversight of major receivables exposures and provisioning adequacy.

Aishath Fazeena
Chair, ARC

4.2 Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee assists the Board on Board composition, director nomination, succession planning, senior executive and Group remuneration governance, and related policy matters.

Composition: Chairperson: Reesha Abdul Munnim | Members: Dhaanish Mohamed Ameen; Aishath Fazeena (from 11 March 2025). All members are Independent Non-Executive Directors.

The Committee held 3 meeting in 2025.

Reesha Abdul Munnim
Chairperson since
11 March 2025
Attended 3/3 meetings

Dhaanish Mohamed Ameen
Member since
29 January
2024
Attended 3/3 meetings

Aishath Fazeena
Member since
11 March 2025
Attended 2/2 meetings

Principal Responsibilities

- Reviewing Board composition, skills, diversity and independence
- Leading the director nomination processes, recommending candidates to the Board
- Overseeing succession planning for the Board, CEO and selected senior executive roles
- Reviewing and recommending director independence classifications to the Board
- Reviewing the annual Board evaluation policy
- Reviewing remuneration governance policies for STO Group
- Reviewing director fee recommendations and remuneration structures for appropriateness
- Ensuring remuneration supports long-term value creation, prudent risk-taking and fairness

Activities in 2025

- Reviewed the Board skill matrix and Board composition following Mohamed Murad's resignation and Aishath Fazeena's appointment
- Led the formal nomination process and recommended the appointment of appropriate members to the Board and Subsidiaries
- Reviewed and updated the questionnaire scope and policy for the 2025 Board evaluation
- Reviewed independence status of all Non-Executive Directors
- Considered committee composition and chairperson succession following Board changes
- Reviewed the composition and structure of the Board and confirmed appropriate size and necessary capabilities
- Approved the 2025 work plan and the 2026 calendar

NRC

Declaration

The Nomination and Remuneration Committee confirms that, in the opinion of the Committee, it has fulfilled its responsibilities as set out in its Terms of Reference during the year ended 31 December 2025. The Committee is satisfied that Board composition, independence and diversity were appropriately monitored, and that director appointment and remuneration processes were conducted in accordance with established policy and the CMDA Corporate Governance Code.

Looking Forward — 2026 Priorities

In 2026, the NRC will focus on: (1) Board Skill Matrix update — incorporating ESG competency and digital literacy as explicit criteria; (2) Succession planning — strengthening senior management succession and reviewing the pipeline of Board candidates; (3) Gender equality — monitoring progress toward the EVOLVE targets for female representation in the Company, including Board; and (4) Group pay harmonization.

Reesha Abdul Munnim
Chair, NRC

4.3 Governance and Sustainability Committee (GSC)

The Governance and Sustainability Committee assists the Board in overseeing governance framework enhancement, policy review, ethics and compliance architecture, sustainability governance, ESG strategy and disclosure quality.

Composition: Chairperson (from 11 March 2025): Mohamed Ahsan Saleem | Prior Chairperson (to March 2025): Dhaanish Mohamed Ameen | Members: Reesha Abdul Munnim; Dhaanish Mohamed Ameen (Member from March 2025). All members are Independent Non-Executive Directors.

The Committee held 6 meetings in 2025.

Mohamed Ahsan Saleem
Chair since
11 Mar 2025
Attended 6/6 meetings

Reesha Abdul Munnim
Member since
Mar 2025
Attended 6/6 meetings

Dhaanish Mohamed Ameen
Former Chair; Current Member
since Mar 2025
Attended 6/6 meetings

Principal Responsibilities

- Reviewing governance policies, procedures and charters; overseeing aspects of governance effectiveness
- Overseeing ethics, integrity and compliance frameworks outside the ARC's direct remit
- Overseeing sustainability strategy, ESG governance and ESG reporting processes
- Monitoring progress toward key sustainability goals and climate-related governance development
- Reviewing stakeholder governance and material non-financial disclosure quality
- Supporting the Board on governance maturity, culture-related priorities and CMDA engagement
- Overseeing the Group Governance Framework and subsidiary governance developments

Activities in 2025

- Continued the policy and procedure review programme
- Reviewed Board and committee charters
- Reviewed Code of Conduct and Code of Ethics
- Assessed SAP S4Hana gaps and advised corrective measures
- Reviewed sustainability reporting content and disclosure readiness against the CMDA Sustainability Framework
- Supported initiation of IFRS S1 and S2 implementation planning and GHG workstreams
- Reviewed governance report structure and content enhancements
- Reviewed and recommended endorsement of the 2024 Sustainability Report to the Board
- Monitored subsidiary governance improvements and the introduction of the Group Governance Framework
- Approved the 2025 work plan and the 2026 calendar

GSC

Declaration

The Governance and Sustainability Committee confirms that, in the opinion of the Committee, it has fulfilled its responsibilities as set out in its Terms of Reference during the year ended 31 December 2025. The Committee is satisfied that ESG governance, sustainability reporting, ethics, compliance architecture and governance maturity were appropriately reviewed and reported to the full Board in a timely manner.

Looking Forward — 2026 Priorities

In 2026, the GSC will focus on: (1) MSRF mandatory compliance — overseeing STO's first mandatory MSRF submission with verified 2026 data; (2) IFRS S1/S2 implementation — overseeing the EY programme including the TCFD Climate Risk Register targeted for Q4 2026; (3) ESG Board agenda — supporting ESG as a permanent standing item with structured dashboard; (4) Subsidiary governance harmonization; and (5) Governance Policy — overseeing development and Board approval of key matters such as AI governance principles.

Mohamed Ahsan Saleem
Chair, GSC

5. Role of the Chairman, CEO and Senior Management

The roles of Chairman of the Board and CEO are held by separate individuals and are explicitly delineated in both authority and function. Amir Mansoor serves as Independent Non-Executive Chairman. Shimad Ibrahim serves as CEO.

The Chairman leads the Board in its oversight role; the CEO leads management in strategy execution. Neither crosses into the other's domain without explicit Board process. As an Independent Non-Executive Chairman, Amir Mansoor does not participate in day-to-day management decisions and chairs Board meetings with the obligation to facilitate balanced participation by all directors.

Senior management is accountable to the CEO for implementation of approved plans, control responsibilities, compliance with delegated authorities and timely escalation of material issues. The CEO chairs the Executive Committee, which coordinates senior management decision-making, implementation oversight and Group operational performance. Matters requiring Board approval are escalated through the Board paper submission process.

Chairman's Responsibilities	MD/CEO Responsibilities
• Leading the Board and ensuring its effectiveness	• Leading management and implementing Board-approved strategy
• Approving the Board agenda, ensuring appropriate information flow	• Managing the business and operations on a day-to-day basis
• Encouraging open debate and genuine participation by all directors	• Maintaining effective operational leadership and performance management
• Fostering good governance practices and appropriate Board discipline	• Ensuring the Board receives timely, accurate and balanced information
• Maintaining appropriate engagement between the Board, management and shareholders	• Implementing risk management and internal control systems through management
• Leading the annual Board evaluation and performance improvement process	• Promoting a culture aligned with STO's values and ethical standards

6. Role of the Company Secretary

The Board regards the Company Secretary as a key governance officer of the Company. The Company Secretary supports the effective functioning of the Board and committees, acts as a principal source of governance and process advice, and maintains the Company's governance records. The appointment and removal of the Company Secretary is a matter for the Board.

The Company Secretary holds an LLM, an MBA, and Diplomas in Corporate Governance and ESG from CGI Ireland, and has served in the role since 2007 — providing institutional governance knowledge, regulatory continuity and Board process expertise. All directors have unrestricted access to the Company Secretary.

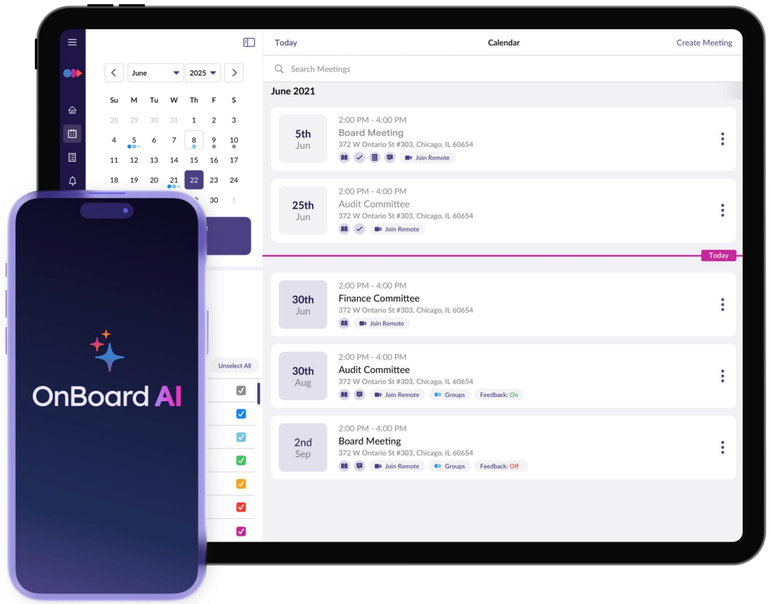
The Board remains satisfied in the competency and experience of the Company Secretary.

Principal Responsibilities

- Advising the Board and committees on governance requirements, regulatory process and procedural matters
- Coordinating Board and committee meetings, agendas, Board papers, minutes and matters arising, and administering these through OnBoard platform
- Supporting the Board Chair and committee chairs in planning annual Board and committee work programmes
- Maintaining statutory and governance records in accordance with applicable law
- Supporting director induction, training and ongoing governance updates including the monthly Governance Newsletter
- Monitoring governance disclosure and ensuring continuing compliance with CMDA and listing obligations
- Supporting communication with regulators and shareholders on governance-related matters
- Facilitating implementation of Board decisions and governance improvement actions

7. Board Digitalization — OnBoard Platform

STO uses OnBoard as its secure, dedicated board paper management platform. OnBoard is purpose-built for board governance and is used by STO to distribute all Board and committee papers, agendas, minutes and supporting materials to directors in a structured and auditable format.
Access is available across devices and is protected by role-based permissions and two-factor authentication, ensuring that confidential Board materials are accessible only to authorized users.



Key Benefits on Board Administration through OnBoard Platform

- Secure, centralized distribution of all Board and committee papers — eliminating physical document circulation and reducing preparation lead time
- Directors can annotate, highlight and cross-reference materials digitally, supporting more thorough meeting preparation
- Real-time access to Board papers from any location or device
- A full audit trail of document access and distribution, supporting transparency and accountability
- Meeting materials, minutes and resolutions are archived systematically within the platform, facilitating efficient governance record-keeping by the Company Secretary
- Integration with the Board's annual work programme ensures that standing items, committee calendars and policy review schedules are tracked in one place

The Board is satisfied that OnBoard materially supports the quality and efficiency of Board administration.

8. Risk Management

At STO, risk refers to potential actions, events, or circumstances that could positively or negatively affect the Company's ability to achieve its business strategies and objectives. Understanding and effectively managing these risks are crucial for the Company's sustained success in its operations.

In line with the commitment to delivering sustainable business value, STO has implemented a comprehensive risk management and internal control framework. This framework, based on the "Three Lines of Defense" model, is overseen by the Board of Directors with support from the Audit and Risk Committee. Their responsibility is to monitor key business risks and evaluate the design and effectiveness of the Company's risk management and internal control systems.

During the year, a structural change was implemented where-by the Risk Management function, which was previously embedded within the Finance Department, was transitioned directly under the purview of the CEO .

This change was undertaken to enhance the alignment of risk management with financial planning, reporting, and enterprise level decision-making processes. The repositioning aims to ensure a more integrated approach to risk oversight, enabling better assessment of financial exposures, improved
internal controls, and strengthened compliance with corporate governance standards.

8.1 Overview

In 2025, STO Group continued to strengthen its Enterprise Risk Management (ERM) framework to navigate an increasingly complex and evolving operating environment. Under the stewardship of the Board of Directors and its Audit and Risk Committee, the Group maintained a structured approach to identifying, assessing, and mitigating risks across all business segments.

The risk strategy remains focused on safeguarding operational continuity, maintaining financial stability, and supporting STO's national mandate in ensuring the uninterrupted supply of essential goods and services. In a year characterized by foreign exchange constraints, tightening liquidity conditions, and global market volatility, STO enhanced its risk monitoring processes and mitigation mechanisms to address emerging challenges while supporting long-term resilience. Risk management processes continue to be embedded within strategic planning, budgeting, and operational decision-making, ensuring alignment with the Group's EVOLVE 2030 strategic direction and commitment to sustainable value creation.

8.2 Our Approach to Risk Management

Risk management at STO is treated as both a protective and value-enhancing function. The Group adopts a proactive and integrated approach, embedding risk considerations across all business activities and strategic decisions.

The framework is designed to balance risk and opportunity by:

- Protecting core operations and national supply chains
- Supporting informed investment and capital allocation decisions
- Enhancing financial resilience and liquidity management
- Enabling sustainable growth through disciplined risk-taking

Risk management is closely aligned with budgeting, performance monitoring, and strategic execution, ensuring that risks are actively managed in line with evolving business priorities and external conditions.

8.3 Governance and Risk Oversight

STO's risk governance framework is aligned with recognized standards and is supported by a multi-layered oversight structure.

The Board of Directors retains ultimate responsibility for risk oversight, with the Audit and Risk Committee providing focused supervision on risk management, internal controls, and compliance. Executive Management is responsible for implementing risk management practices across the Group, supported by internal audit and operational leadership.

8.4 Risk Appetite Statement

STO operates within a clearly defined risk appetite framework that supports its dual role as a commercial enterprise and a national institution.

This balanced approach enables STO to pursue strategic opportunities while maintaining strong governance, financial discipline, and operational stability.

8.5 Risk Management Process

STO follows a structured and systematic risk management process applied across all levels of the organisation:

1. **Risk Identification** — Identification of internal and external risks impacting strategic and operational objectives

2. **Risk Assessment** — Evaluation of likelihood and impact using qualitative and quantitative methods

3. **Risk Treatment** — Implementation of mitigation strategies including risk reduction, transfer, or acceptance

4. **Monitoring and Review** — Continuous tracking of risk exposure and effectiveness of mitigation actions

5. **Communication and Reporting** — Regular reporting to management and the Board to ensure transparency and accountability

.

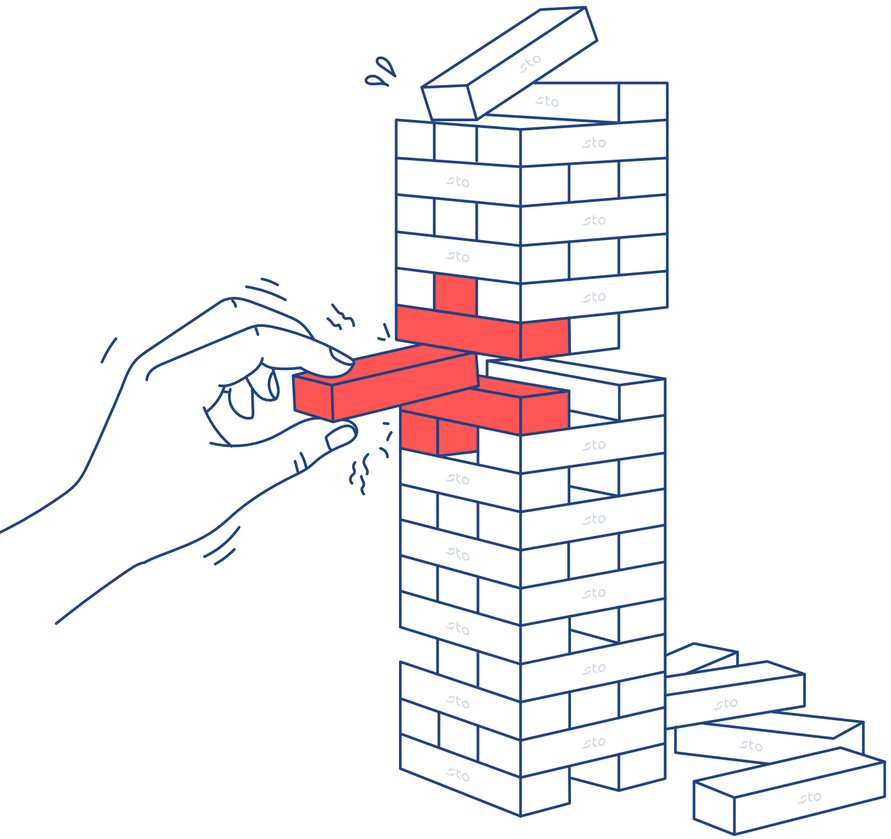
8.6 Key Risks and Mitigation Measures

The table below summarizes the ten principal risks identified for the Group in 2025, together with their assessed risk levels and corresponding mitigation strategies.

#	Risk	Description	Level	Mitigation Measures
01	Commodity Price Volatility	Fluctuations in global fuel and commodity prices impacting procurement cost and margins	High	Structured fuel procurement planning aligned with global price trends; maintaining buffer stock levels; margin management through controlled pricing adjustments; expansion of bunkering and volume-driven segments to offset margin compression
02	Supply Chain Disruptions	Delays in imports due to shipping constraints, geopolitical tensions, and port congestion in Male'	High	Expansion of marine logistics capacity (fleet and tanker program); development of regional fuel storage (e.g., Funadhoo); establishment of distribution hubs and modular stations; strengthened supplier contracts and diversified sourcing routes
03	Credit and Receivables Risk	High exposure to government and SOE receivables affecting liquidity and cash flow	High	Tightened credit governance and approval limits; structured settlement arrangements with key SOEs; continuous aging reviews and escalation; alignment of credit terms with cash flow priorities; ongoing engagement with government stakeholders for recovery
04	Operational and Infrastructure Risk	Operational disruptions due to infrastructure limitations, capacity constraints, or system inefficiencies	High	Ongoing CapEx program (fuel storage expansion, warehouses, vessels, and logistics assets); preventive maintenance programs; rollout of warehouse and logistics optimization initiatives; investment in operational monitoring systems
05	Foreign Exchange Risk	USD shortages impacting import capacity and increasing cost of procurement	High	Prioritization of USD allocation toward essential imports (food, medical); strengthening USD-generating segments (resort fuel, bunkering); supplier negotiations for flexible payment terms; active treasury management of foreign currency flows
06	Liquidity and Financing Risk	Increased borrowing and finance costs affecting debt service capacity and financial flexibility	High	Strengthened cash flow forecasting and centralized treasury oversight; refinancing and restructuring of short-term facilities; working capital optimization (inventory and receivables); disciplined capital allocation and priorities
07	Cybersecurity Risk	Increased exposure to cyber threats due to digital transformation and system integration	High	Deployment of enhanced cybersecurity infrastructure (firewalls, secure access systems); strengthening SAP/ERP controls and governance; implementation of access controls and monitoring; ongoing cybersecurity assessments and user awareness programs
08	Market Competition Risk	Intensifying competition in trading, construction, and retail sectors impacting margins and market share	Medium	Focus on category margin improvement and private label strategy; strengthening supplier terms and sourcing; rollout of CRM, POS, and e-commerce platforms; targeted expansion in high-growth segments (construction, healthcare)
09	Inventory Management Risk	Overstocking or shortages affecting working capital and service levels	Medium	Implementation of ERP/WMS-driven inventory controls; demand planning and forecasting improvements; optimization of strategic stock levels (especially essential goods); development of regional warehousing and distribution hubs
10	Regulatory and Compliance Risk	Non-compliance with sector regulations or evolving ESG requirements	Medium	Strengthening governance frameworks and policy updates (procurement, anti-bribery, delegation of authority); integration of ESG considerations into operations; internal audit coverage across key processes; preparation for enhanced sustainability reporting requirements

8.7 Monitoring Emerging Risks

STO continuously monitors emerging risks that may influence future operations and strategic direction. These risks are assessed through scenario analysis, market intelligence, and strategic planning processes.



Key Emerging Risks in 2025

- Foreign Exchange Constraints: Continued pressure on USD availability impacting imports and liquidity
- Geopolitical Developments: Ongoing global tensions affecting trade routes and supply chain stability
- Digital and Cyber Risks: Increasing exposure due to accelerated digital transformation
- Artificial Intelligence and Automation Risk: Risks related to data integrity, model reliability, and governance oversight
- Climate and Environmental Risks: Potential impacts on logistics, infrastructure, and operations
- Energy Transition: Long-term shifts toward renewable energy affecting fuel demand dynamics
- ESG and Reporting Requirements: Increasing expectations on sustainability, governance, and transparency

8.8 Viability and Long-Term Risk Outlook

STO continues to assess the long-term viability of its business model under a range of adverse but plausible scenarios, including commodity price volatility, liquidity constraints, foreign exchange pressures, and supply chain disruptions.
Scenario-based assessments focus on:

- Maintaining liquidity and solvency under stressed conditions
- Ensuring continuity of essential supply chains
- Evaluating resilience of core business segments
- Assessing capital structure and financing capacity

The Board and Executive Management regularly review these assessments to refine strategic priorities, strengthen operational resilience, and enhance capital allocation decisions.

As STO progresses under the EVOLVE 2030 framework, risk management will remain central to ensuring sustainable growth, financial stability, and the continued fulfilment of its national mandate.

9. Internal Control

9.1 Internal Control Framework and Board Assurance

STO's internal control system comprises policies, delegated authorities, financial controls, operational controls, IT controls, compliance controls, approval workflows, reporting processes and assurance mechanisms. The system is designed to provide reasonable assurance over safeguarding of assets, reliability of financial and management information, operational effectiveness and efficiency, compliance with law, regulation and policy, and timely identification and escalation of control deficiencies.

Management is responsible for implementing and maintaining the control framework. The Board, assisted by the ARC, reviews the adequacy and effectiveness of the framework annually.

Financial Controls
Financial reporting accuracy; delegated authorities; approval thresholds; treasury controls; budget monitoring

Operational Controls
Process controls; HSE controls; supply chain safeguards; procurement integrity; asset management

IT and Data Controls
Access management; cybersecurity protocols; back-up and recovery; incident response; data integrity

Compliance Controls
Regulatory compliance; policy adherence monitoring; legal review; training and awareness; ethics oversight

Activities in 2025

Based on the work of management, the Internal Audit Department and Risk Management Unit, the Audit and Risk Committee and the external auditor (Deloitte), the Board is of the view that, for the year ended 31 December 2025, the Company's risk management and internal control systems were adequate and effective, and that no material control failure has been identified which would require separate disclosure other than matters set out in this Report. The Board acknowledges that no system of internal control can provide absolute assurance against material misstatement or loss.

The Board and ARC remain satisfied with the Company's risk management and internal control systems.

9.2 Internal Audit

The Company maintains an independent Internal Audit function led by the Chief Audit Executive (CAE). The CAE reports functionally to the ARC Chairperson and administratively to the CEO, thereby supporting operational access while preserving assurance independence. This dual-reporting structure ensures Internal Audit can operate without management interference in the scope, timing or reporting of its work.

Internal Audit responsibilities include: developing a risk-based annual audit plan; conducting assurance reviews across financial, operational, IT, compliance and governance areas; issuing reports with findings and recommendations; monitoring management action plan implementation; and supporting the ARC in evaluating overall control effectiveness.

The CAE is a certified member of the Association of Chartered Certified Accountants (ACCA-UK) and holds a First-Class Honours Bachelor of Science degree in Applied Accounting from Oxford Brookes University. She is also a Certified Internal Auditor (CIA).

The Board and ARC remain satisfied in the competency and experience of the CAE.

9.3 External Audit

The appointment of the External Auditor undergoes an annual review by the Audit and Risk Committee. The Committee then advises the Board on the outcome of this assessment, which is subsequently presented to the AGM for shareholders' approval.

It should be noted that PwC Maldives, which served as the Company's external auditor since 2020, transitioned from the PwC global network to the Deloitte network in 2023. A new engagement partner was appointed in 2024. 2025 is considered the third year of Deloitte's audit tenure.

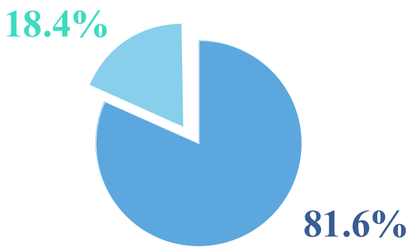
The fees payable to Deloitte for audit services in 2025 amount to USD 67,500, compared to USD 65,500 in 2024. The ARC reviewed Deloitte's 2025 audit plan, key audit matters, findings and management letter.

The ARC is satisfied with quality, rigor and independence of the External Auditors.

10. Shareholder Rights and Investor Engagement

The Company is committed to equitable treatment of all shareholders and to facilitating the exercise of shareholder rights in a timely and informed manner. The Board respects the rights of minority shareholders and seeks to ensure that all shareholders are treated fairly and equitably.

10.1 Shareholding Structure



Government of the Maldives	919,869
Public shareholders	207,041

Director shareholdings: *Shimad Ibrahim — 55 shares (direct); Mohamed Ahsan Saleem — 200 shares (direct). Aishath Fazeena — 1 share (direct). No other directors held direct STO shareholdings as at 31 December 2025.*

10.2 Investor Relations Framework and Shareholder Communication

STO maintains an investor relations function managed by the Company Secretariat team. The Company communicates with investors through annual and interim reporting; required regulatory disclosures and announcements to the MSE and CMDA; the Company website (www.sto.mv); general meetings and post-meeting publications; and direct engagement with institutional and significant investors where appropriate.

Investor Relations — Key Principles

Principle	Description	2025 Practice
Equal information access	Material information is disclosed simultaneously to all shareholders through the CMDA InformInvestor platform and the Company website.	All material information disclosed simultaneously to all shareholders.
Timely disclosure	The Company discloses material information promptly in accordance with CMDA continuing disclosure obligations and Listing Rules.	Material information disclosed promptly per CMDA continuing disclosure obligations and MSE Listing Rules. No material announcements were delayed in 2025.
Accuracy and balance	Disclosures fairly represent the Company's performance, prospects and risks without omitting material negative developments.	Disclosures fairly represent the Company's performance, prospects and risks including material negative developments — without selective emphasis.
Spokesperson policy	All media and investor enquiries are handled through designated spokespersons to ensure consistency and accuracy of disclosures.	All media and investor enquiries were handled through designated spokespersons. No unauthorized disclosures were made in 2025.

10.3 Annual General Meeting

The Board aims to ensure that the Annual General Meeting serves as an effective accountability forum. The Company seeks to provide shareholders with sufficient notice, information and opportunity to ask questions of the Board, management and external auditor.

The 2024 AGM was held on 17 May 2025 at Barcelo Nasandhura. All members of the Board attended, including the Chairman, all committee chairpersons, and the executive directors. Deloitte's audit partner was also present to answer questions.

AGM Item	Detail
Date and venue	17 May 2025, Barcelo Nasandhura, Male'
Board attendance	Full Board attendance — Chairman, all Committee Chairpersons, CEO, CFO
External auditor	Deloitte engagement partner present to answer shareholder questions
Shareholder participation	Shareholders representing 84.1% of total share capital present in person or by proxy
Electronic voting	STO's E-proxy voting platform used; prompt results and it allows shareholders to participate and exercise voting rights regardless of location
Dividend resolution	MVR 80 per share final dividend approved and applied equitably to all shareholders

10.4 Electronic Voting

STO facilitates electronic voting to enable shareholders present at the meeting as well as those who are unable to attend the AGM in person to exercise their voting rights. This voting facility is part of the shareholder portal developed in-house by the Company's IT Team. The Company used this facility for the 11th time successfully at the 2025 AGM.

10.5 Stakeholder Engagement

The Board recognizes that understanding and responding to the interests of all stakeholders is fundamental to responsible governance and long-term value creation. The following table summarizes STO's principal stakeholder engagement activities during 2025.

Stakeholder	Engagement Method	Key Topics	Frequency	Board Action / Outcome
Government of Maldives / Majority Shareholder	Formal Board reporting; AGM; bilateral meetings	Strategic direction, dividend policy, national mandate delivery, capital allocation	Ongoing	Board approved strategic plan and dividend consistent with government priorities
Public Shareholders	AGM (in-person and online); timely disclosures; e-voting platform; shareholder portal; STO website	Financial performance, dividends, governance transparency	Quarterly disclosures; Annual AGM; Annual Report; announcement	AGM 2025 attended by shareholders representing 84.1% of share capital; MVR 80 dividend declared
Employees	Town halls; internal communication; Speak-Up channels; Sexual Harassment & Gender Equality Committee; Appeal Committee	Organizational culture, fair compensation, safety, career development, transformation	Ongoing	Corporate restructure communicated; engagement survey results addressed; Staff Monthly Newsletters published
Regulators (CMDA, MSE, Registrar of Companies, PCB)	Mandatory reporting; regulatory filings; direct engagement	Compliance, governance standards, sustainability disclosure	As required; quarterly and annual filings	Full compliance with reporting obligations; no fines or penalties imposed
Customers and Communities	Customer service channels; community outreach; national distribution network	Product availability, pricing, service quality, community development	Ongoing	Community investments continued; service improvement initiatives initiated
Suppliers and Trade Partners	Contract forums; procurement processes; supplier engagement	Supply chain resilience, pricing, ESG in supply chain	Ongoing	Diversified supplier base maintained; supply chain resilience reviewed
Bankers and Lenders	Regular financial reporting; covenant reporting; meetings	Financial performance, liquidity, credit quality	Quarterly and as required	Facilities maintained; credit relationships managed; timely reporting made
External Auditors (Deloitte)	ARC-led audit process; annual management letter discussion; interim reviews	Financial reporting quality, internal controls, going concern	Annual (with interim reviews)	Reappointed at 2025 AGM; clean audit opinion

Detailed stakeholder engagement and materiality analysis are disclosed in STO's Sustainability Report 2025.

11. Ethics, Integrity, Compliance and Speak-Up Framework

STO is committed to conducting business lawfully, ethically and responsibly. The Board regards integrity and compliance as foundational elements of governance and organizational culture — not merely technical obligations satisfied through policy adoption alone. The Board sets the tone from the top and expects a culture of ethical conduct throughout the Company, the Group and in all dealings with third parties.

In 2025, the Board and senior management of STO group received a dedicated ethics and anti-corruption session delivered by the Anti-Corruption Commission of the Maldives — a deliberate signal that ethical conduct is a Board-level priority and a leadership expectation, not just a staff-level training requirement.

11.1 Ethics and Compliance Framework

The Group's ethics and compliance framework includes the following key elements:

- Code of Ethics and Code of Conduct
- Conflict of interest disclosure and management procedures
- Gifts, hospitality and anti-improper-influence requirements
- Insider trading and securities dealing guidelines
- Whistleblowing and speak-up channels
- Anti-bribery and anti-corruption policies
- Disciplinary and investigation procedures
- Designated spokesperson and information officer arrangements
- Periodic ethics training and awareness initiatives across the Group

All directors and employees are expected to: avoid conflicts between personal interests and Company interests, declare actual, potential or perceived conflicts promptly, refrain from misuse of confidential or inside information, comply with applicable laws, regulations and internal policies, and report suspected wrongdoing through available channels.

11.2 Insider Trading and Securities Dealing

STO maintains an Insider Trading and Securities Dealing Policy in accordance with CMDA's requirements. The Policy identifies restricted persons, prohibits trading on inside information, restricts dealing during closed periods and requires pre-clearance for transactions by connected persons. All restricted people complied with the Policy and applicable CMDA guidelines throughout 2025. No penalties were imposed in relation to securities dealing matters.

11.3 Whistleblowing and Speak-Up Facilities

STO operates Raise Your Concern speak-up platforms through which employees and other stakeholders may report suspected wrongdoing, misconduct, fraud, control breaches or unethical behavior confidentially and without fear of retaliation. The Board, through the ARC, receives periodic reports on whistleblowing statistics, investigation status and material themes.

During 2025, the Company received 28 whistleblowing and misconduct reports of which 85% were resolved or closed by year-end.

Metric	2024	2025
Total reports received	29	28
Reports resolved or closed by year-end	22 (76%)	24 (86%)
Reports under active review at year-end	7	4
Breakdown — Audit cases	10	5
Breakdown — HR grievances	19	23

11.4 Conflict of Interest

Directors are required to declare any actual, potential or perceived conflict of interest in relation to matters before the Board or committees. Such declarations are recorded in the minutes and managed in accordance with Board procedures and the Articles. Directors with a conflict do not participate in related discussions or voting except to the extent permitted by law and governance rules. During 2025, all conflict disclosures were managed in accordance with this policy.

11.5 Data Protection and Privacy

As STO advances its digital transformation agenda under the EVOLVE Lead with Digital strategic pillar, governance of personal and commercial data becomes an increasingly material compliance and reputational obligation. The SAP S/4HANA ERP migration includes data security architecture as a design requirement, ensuring that personal and commercially sensitive data is accessed only by authorized users with full audit trails.

The GSC oversees data governance as part of its broader compliance mandate. Development of a formal Data Protection Policy is included in the 2026 policy review programme.

12. ESG and Sustainability Governance

The Board recognizes that environmental, social and governance matters are increasingly material to STO's resilience, reputation, access to capital, regulatory readiness and long-term value creation. Sustainability governance is integrated into STO's overall governance framework and is not treated as a standalone reporting exercise. The Company continues to publish a standalone Sustainability Report aligned with the Maldives Sustainability Reporting Framework.

12.1 ESG Governance Architecture

Layer	Body	ESG Responsibility
Board oversight	Board of Directors	Approves sustainability strategy and EVOLVE ESG KPIs; endorses Sustainability Report annually; receives ESG as a standing agenda item at Board meeting from 2026; oversees IFRS S1/S2 implementation.
Committee oversight	Governance and Sustainability Committee (GSC)	Dedicated ESG governance committee; 6 meetings in 2025 (up from 4 in 2024); oversees MSRF compliance, IFRS S1/S2 preparation, ethics and policy framework review.
Management delivery	CEO and EXCO	Accountable for EVOLVE ESG KPI delivery; ESG KPIs embedded in all segment KPI scorecards.
ESG function	Head of Corporate Affairs (ESG function, initiated in 2025)	Day-to-day responsibility for MSRF reporting, materiality assessment, stakeholder engagement, GHG data management and ESG data systems.
External partners	EY (IFRS S1/S2 programme); PAIA from CBRE (GHG assessment)	Independent advisory and future assurance capacity — both formally engaged in 2025.

12.2 Material ESG Governance Actions in 2025

- Board endorsed the 2024 Sustainability Report before publication
- GSC oversaw initiation of the IFRS S1/S2 implementation programme; EY formally engaged as programme consultants
- Initiated Group GHG emissions assessment — Scope 1, 2 and Scope 3 boundary definition
- ESG function established as a dedicated unit under the Corporate Affairs Department in late 2024, initiating its work in 2025
- Business Continuity Management Policy completion – in progress
- Supplier Screening Policy completion – in progress
- Organizational Safety and Health Policy (OSH) revamped in 2025 — aligned with ISO 45001 and Act (Law No. 2/2024)
- Board completed formal agenda time allocation review against international benchmark; ESG instated as permanent standing agenda item from 2026

12.3 MSRF Compliance Status — 2025

STO published its 2025 Sustainability Report voluntarily in compliance with the Maldives Sustainability Reporting Framework (MSRF), ahead of the mandatory 2027 reporting date. The report discloses across all 36 MSRF cross-industry metrics. Where gaps exist, they are disclosed with named EVOLVE actions and target timelines. Full MSRF mandatory compliance is targeted for the 2026 Sustainability Report.

12.4 IFRS S1/S2 and TCFD Roadmap

Milestone	Target	Status
IFRS S1/S2 implementation programme initiated (EY engaged)	2025	Completed
Group GHG assessment — Scope 1, 2 and 3 boundary definition	2025	Underway
TCFD Climate Risk Register	Q4 2026	In progress — EY programme
External assurance on key sustainability metrics	2026 Sustainability Report	In Planning
Limited assurance on GHG data	2026/2027	Targeted
Reasonable assurance on GHG data	2028	Targeted

For detailed sustainability performance data, materiality assessment, stakeholder engagement outcomes, GHG methodology, environmental and social metrics, and the full MSRF disclosure report — refer to STO's Sustainability Report 2025.

13. Related Party Transactions and Conflict Management

The Board is committed to ensuring that related party transactions are identified, reviewed and approved in accordance with applicable laws, accounting standards, governance expectations and the Company's delegated authority framework. The ARC provides primary oversight of the Company's related party transaction framework.

13.1 RPT Governance Process

The Company maintains formal procedures for managing related party transactions, including:

- Maintaining a register of related parties and periodic update of related party interests
- Annual and event-driven declarations by directors and key management personnel
- Pre-transaction review of proposed transactions involving related parties against policy thresholds
- Escalation to the ARC or full Board where transactions meet or exceed materiality thresholds
- Directors with a conflict of interest in relation to a proposed Related Party Transaction(RPT) do not participate in related discussions or voting
- Disclosure of material related party transactions in the financial statements and annual report in accordance with applicable accounting standards

There were no material related party transactions in 2025, and all were conducted on normal commercial terms or otherwise approved through the applicable governance process. For details review note 48 of audited financial statements

14. Remuneration Report

This Remuneration Report is prepared in compliance with the CMDA Corporate Governance Code. It provides full disclosure of the Board's Remuneration Policy, director and senior management remuneration, and the NRC's oversight of executive remuneration during the year.

14.1 Remuneration Principles

The Board believes that remuneration arrangements should be fair, transparent, responsible and aligned with long-term value creation and prudent risk-taking. Remuneration governance is overseen by the Nomination and Remuneration Committee (NRC), which makes recommendations to the Board on remuneration policy and director and executive remuneration matters.

The Company's remuneration framework is designed to:

- Attract and retain qualified, experienced directors and executives capable of leading STO effectively
- Reflect the scale, complexity, national significance and public responsibilities of the Company
- Support sustainable performance, accountability and prudent risk-taking
- Avoid incentivizing excessive risk or short-termism at the expense of long-term value
- Maintain fairness and internal coherence across the Board and senior management
- Align remuneration with shareholder interests and governance expectations

14.2 Non-Executive Director Remuneration

Non-Executive Directors receive fees to reflect their Board and committee responsibilities and time commitment. Non-Executive Directors do not participate in performance-linked executive incentive arrangements, nor do they receive any remuneration from the Company other than their standard director fees.

Fee Levels and Approval Basis

The current Board fee structure was last formally set in 2010. Non-Executive Directors receive Directors' fees approved by shareholders at the AGM, paid monthly. Remuneration is considered aligned with guidelines issued by the Ministry of Finance and Public Enterprises, and the Privatization and Corporatization Board (PCB). No changes were made to remuneration levels during 2024.

Pension Fund

Non-Executive Directors are not eligible for participation in the pension scheme, and accordingly, no contributions were made during the year.

Insurance (Life & Health)

Non-Executive Directors are covered under Allied Insurance life and health insurance schemes. A life insurance premium of MVR 180 per person was paid annually. Health insurance is provided under the Allied Insurance Gold package, with the Company covering individual director costs. Coverage includes one spouse and up to two children below 18 years, with additional dependents covered at the director's expense. The package also includes the option for parental coverage and can be renewed annually.

Annual Bonus

Non-Executive Directors are not entitled to annual or deferred bonuses and are excluded from all employee bonus and sales incentive schemes. No bonuses were paid during the year.

Service Contracts and Tenure

Non-Executive Directors are appointed for one-year terms, subject to AGM approval, and are required to comply with the Board Charter. They are not eligible for service contracts, notice periods, or severance benefits. In 2025, all Non-Executive Directors were reappointed on 17 May.

Shareholding and Securities Trading

Non-Executive Directors may hold shares in the Company, with trading subject to internal policies and regulatory requirements. No trading activity was recorded during the year, and all compliance requirements, including updates to the restricted persons list, were fulfilled.

As at the end of the 2025 financial year, Mohamed Ahsan Saleem held 200 shares in the Company, while Aishath Fazeena held 1 share. No other Non-Executive Directors held shares in the Company.

Service Contracts and Tenure

Non-Executive Directors are appointed for one-year terms, subject to AGM approval, and are required to comply with the Board Charter. They are not eligible for service contracts, notice periods, or severance benefits. In 2025, all Non-Executive Directors were reappointed on 17 May.

Shareholding and Securities Trading

Non-Executive Directors may hold shares in the Company, with trading subject to internal policies and regulatory requirements. No trading activity was recorded during the year, and all compliance requirements, including updates to the restricted persons list, were fulfilled.

As at the end of the 2025 financial year, Mohamed Ahsan Saleem held 200 shares in the Company, while Aishath Fazeena held 1 share. No other Non-Executive Directors held shares in the Company.

Travel

The Company's Travel Policy applies to Non-Executive Directors, with expenses for official travel covered by the Company. Total travel expenditure for Non-Executive Directors amounted to MVR 208,370.46 in 2025 (MVR 546,715.63 in 2024).

Other Benefits

Non-Executive Directors are entitled to Board-approved benefits, including access to Company facilities and discounted purchases from STO outlets. They may also utilize Company launch services in accordance with policy, with all personal usage costs settled by the respective directors. Non-Executive Directors are not eligible for Ramazan allowances.

14.3 Executive Director Remuneration

Executive Directors receive remuneration that reflects their dual role as members of the Board and as part of executive management, taking into account their responsibilities, experience, and time commitment. Their remuneration comprises a fixed salary and Board-approved directors' fees, together with performance-linked incentives aligned to the achievement of key financial and operational targets. Executive Directors do not participate in general employee bonus or sales incentive schemes beyond those specifically approved by the Board under the executive remuneration framework.

Remuneration and Allowances

Remuneration for Executive Directors comprises Directors' fees approved by shareholders at the AGM together with a salary aligned to the executive role, structured in accordance with the Board-approved salary framework. Both components are paid monthly with salary component benchmarked against prevailing market practices in the Maldives, taking into account comparable organizations in terms of size, business, and complexity. Salary levels are determined based on role, qualifications, individual competencies, and experience.

The Company does not disclose individual salary details of executive directors on grounds of employment sensitivity. However, the aggregate executive salary paid to executive directors for the financial year ended 31 December 2025 amounted to MVR 2 million (2024: MVR 2.2 million). This amount is also included within the total employment cost disclosed in the consolidated financial statements.

Pension Fund

Executive Directors participate in the pension scheme in line with Maldives Pension Administration Office regulations. Contributions are made monthly, with 7% of basic salary contributed by the employee and an additional 7% contributed by the Company.

Insurance (Life & Health)

Executive Directors are covered under Allied Insurance life and health insurance schemes. A life insurance premium of MVR 180 per person was paid annually. Health insurance coverage is provided under the Allied Insurance Gold package, with the Company bearing the cost of individual director coverage. The policy extends to one spouse and up to two children below 18 years of age, with options for additional dependents at the director's cost. The package also includes the option for parental coverage and can be renewed annually.

Performance Linked Element

Bonuses are governed by the Executive Charter and are awarded annually based on the achievement of key financial ratios and performance indicators approved by the Board. Distribution is determined by the Board, reflecting each executive's contribution and performance. For the year 2024 performance, bonuses were paid in 2025, with both Executive Directors assessed as having performed exceptionally. No deferred bonuses were granted, and Executive Directors are not eligible for any other employee bonus or sales incentive schemes.

Service Contracts and Tenure

Executive Directors are appointed for a one-year term, subject to AGM approval. Formal service contracts are executed with the Company, and Directors are also required to adhere to the Board Charter. In 2025, both Executive Directors were reappointed to the Board on 17 May and continued under their respective service agreements. No notice periods or severance fees were applicable.

Shareholding and Securities Trading

Executive Directors are permitted to hold shares in the Company, with trading strictly governed by internal policies and regulatory requirements. No trading activity was recorded during the year. All relevant compliance measures, including adherence to the Trading in Securities Guidelines and updates to the restricted persons list, were duly observed.

CEO Shimad Ibrahim holds 55 shares in the Company.

Travel

The Company's Travel Policy applies to Executive Directors, with expenses for official travel, including accommodation, borne by the Company. Total travel expenditure for Executive Directors amounted to MVR 1,323,930.11 in 2025. (MVR 981,467.4 in 2024).

Other Benefits

Executive Directors are entitled to additional benefits approved by the Board, including use of company facilities, company vehicles and vessels, and discounted purchases from STO outlets. They are also eligible for Ramazan allowances in accordance with applicable regulations. During the year, directors utilized company launch services for personal trips in line with policy, with all associated costs settled. Each Executive Director received a Ramazan allowance of MVR 3,000.

Performance Gate 2026

Under EVOLVE's Performance Evaluation and Reward Framework, all performance-based remuneration is contingent on STO achieving minimum enterprise performance thresholds simultaneously across financial, operational, people and ESG dimensions. Eligibility for any performance-linked remuneration is entirely nullified in the event of major safety incidents, material regulatory or legal breaches, fraud or misconduct, ethical violations, or material audit qualifications.

14.4 Director Remuneration Disclosure — 2025

Total remuneration received by directors from the Company during the year ended 31 December 2025 is disclosed below. All amounts are in Maldivian Rufiyaa (MVR).

Director	Board and Committee Remuneration (MVR)	Direct Shares Held
Amir Mansoor	260,000	-
Shimad Ibrahim	127,000	55
Mohamed Nizam	127,000	-
Mohamed Ahsan Saleem	135,000	200
Dhaanish Mohamed Ameen	133,500	-
Reesha Abdul Munnim	136,000	-
Aishath Fazeena	107,097 (pro-rated from 11 March 2025)	1
TOTAL	**1,025,597**	

14.5 External Directorships and Fees Received by Directors

Director remuneration paid during 2025 is set out in Section 13.4 of this Report. The following is a summary of directorships held by directors in companies outside STO, including fees received in such capacities.

Director	Entity	Role	Fees Received (MVR)
Amir Mansoor	National Boating Association	President until 20th December 2025	No Fees Received
Shimad Ibrahim	MNOC (STO representative)	Chairman	No Fees Received
Shimad Ibrahim	MIDFz (STO representative)	CEO	No Fees Received
Shimad Ibrahim	Fenaka Corporation	Chairman	MVR 82,190.32 (MVR 12,800/ month + MVR 500 sitting fee)
Mohamed Nizam	MNOC (STO representative)	Director	No Fees Received
Mohamed Nizam	Raysut Maldives Cement (STO representative)	Chairman	MVR 84,000 (MVR 7,000/month)
Mohamed Nizam	Fenaka Corporation	Director	MVR 51,177.42 (MVR 12,800/ month + MVR 500 sitting fee)

** Shimad Ibrahim resigned from Fenaka Board on 08 July 2025; Mohamed Nizam resigned on 10 July 2025.*

14.6 Remuneration Paid to Senior Management — 2025

In addition to director remuneration, the CMDA Corporate Governance Code requires disclosure of remuneration paid to senior management. The aggregate remuneration paid to STO's senior management team — being the members of the Executive Committee excluding executive directors — during the year ended 31 December 2025 is set out below.

Item	Amount / Detail
Aggregate remuneration paid to senior management (excluding executive directors)	9,219,974
Number of individuals included in the aggregate	11
Components included	Fixed salary; allowances; and any performance-linked or long-term incentive payments made during the year in accordance with Board-approved terms
Components excluded	Executive director remuneration (disclosed individually in Section 14.4)

In light of prevailing disparities in the employment market, the Board of Directors has resolved not to disclose individual remuneration packages of top management and Executive Directors. This approach is intended to preserve confidentiality while taking into account market-related salary sensitivities.

14.7 Loans to Directors

The Company does not provide loans, credit facilities, guarantees or other financial arrangements to directors. This prohibition is embedded in STO's governance framework and is consistent with the CMDA Corporate Governance Code.

The Board confirms that during the year ended 31 December 2025, no loans, credit facilities, financial guarantees or other financial arrangements of any nature were provided to any director or former director.

Statement of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee presents this Remuneration Report to shareholders for the year ended 31 December 2025.

The Committee confirms that:

- Remuneration arrangements for directors and senior management during 2025 were consistent with the Company's stated remuneration policy and the requirements of CMDA Corporate Governance Code
- No loans, credit facilities or financial arrangements were provided to any director during 2025
- No variable remuneration was paid to any Non-Executive Director during 2025
- The ESG-linked performance gate under EVOLVE's Performance Evaluation and Reward Framework will be applicable from 2026 onwards
- All remuneration decisions during 2025 were made with full Board approval in accordance with the Company's governance framework

The Committee is satisfied that it has fulfilled its responsibilities as set out in its Terms of Reference in relation to remuneration governance during the year ended 31 December 2025.

REESHA ABDUL MUNNIM
Chair, NRC

15. Board Evaluation and Effectiveness

The Board is committed to regular evaluation of its own performance and that of its committees and individual directors as a tool for continuous improvement. The annual evaluation is led by the Board Chairman while the policy and process is reviewed by the Nomination and Remuneration Committee. The process is supported by the Company Secretary.

The 2025 evaluation indicated measurable improvement across several areas and reflected a strong overall assessment by the Directors. The Board was satisfied with overall performance but agreed that three areas require focused attention in 2026 — director remuneration benchmarking, industry performance comparisons, and risk oversight depth at Board level — all of which have been converted into specific, time-bound improvement actions.

15.1 Evaluation Methodology and Process

The 2025 Board evaluation was conducted using an anonymous online questionnaire administered through Microsoft Forms. The questionnaire was reviewed and updated by the NRC prior to distribution. Seven responses were received (all directors). The process comprised three stages:

Stage	Description
Stage 1 — Questionnaire Design	The NRC reviewed and updated the questionnaire scope, covering: Board composition and balance; quality of Board papers and information; meeting effectiveness and decision-making; strategic oversight; risk and internal control oversight; committee effectiveness; role clarity between Board and management; Board culture and challenge; individual director contribution; and director development.
Stage 2 — Completion and Consolidation	All directors completed the questionnaire on an anonymous basis. Responses were consolidated and scored by the Company Secretary. Individual responses are not attributable to any respondent.
Stage 3 — Review and Action	Findings were presented to the Board Chairman and the full Board. The Board discussed the results, agreed on improvement priorities and approved the 2026 action plan. Progress against agreed actions will be monitored at regular intervals.

15.2 Priority Areas and Areas Requiring Attention

Three areas scored below average marks and have been designated as priority improvement themes for 2026.
The Board notes that all areas identified reflect areas where the Company can take specific, measurable action rather than requiring broad cultural change, and has commissioned concrete remediation steps for both.

15.3 Board Evaluation Action Plan — 2026

Based on the Board evaluation findings, a set of priority improvement actions has been agreed for implementation and monitoring throughout 2026.

These include strengthening Board-level risk oversight through more rigorous, scenario-based deep dives on principal risks led by the Audit & Risk Committee.

The Board has also directed management to develop and present a comprehensive technology adoption and digital transformation roadmap, with ongoing progress updates and alignment of technology policies across the Group.

In addition, efforts will be made to deepen director engagement by improving the quality of pre-meeting materials and encouraging more proactive participation and timely input from directors.

Finally, the Nomination & Remuneration Committee will review and update the director onboarding framework to ensure alignment with STO’s evolving governance structure and strategic direction.

These actions will be tracked periodically, with formal progress updates scheduled for Board review, reinforcing a focus on continuous governance improvement rather than a purely compliance-driven approach.

16. Director Training and Development

STO is committed to ensuring that all directors maintain the knowledge, skills and competencies required to fulfil their responsibilities effectively. The Company's Director Induction and Training Policy, administered by the Company Secretary, governs the induction of newly appointed directors and the ongoing professional development of the full Board.

STO's director development programme includes: formal induction for new directors, periodic regulatory and governance updates, sector and business briefings from management, risk and sustainability updates, external seminars, workshops and conferences, and the monthly Governance Newsletter prepared by the Company Secretariat team.

16.1 Director Induction

Newly appointed directors receive a comprehensive induction programme covering STO's business model, governance framework, Board procedures, key policies, regulatory environment, financial profile, subsidiary structure and material risk exposures. The programme includes meetings with senior management as well. Aishath Fazeena, appointed in March 2025, completed the STO director induction programme following her appointment. Directors' continuing education is guided by an annual Training Analysis Report aligned with the Board Skill Matrix.

16.2 Training Programmes — 2025

In 2025, directors participated in the following training and development programmes:

Director	Training Programmes — 2025
Amir Mansoor	-
Shimad Ibrahim	Commercial Contracts in Oil and Gas Negotiation; Emotional Intelligence and Strategic Thinking
Mohamed Nizam	Commercial Contracts in Oil and Gas Negotiation; Emotional Intelligence and Strategic Thinking
Mohamed Ahsan Saleem	-
Dhaanish Mohamed Ameen	-
Reesha Abdul Munnim	SMU Directors Training Programme — Module 2; SMU Directors Training Programme — Module 4
Aishath Fazeena	STO Director Induction Programme; Risk Management Professional (PMI-RMP); Strategy and Business Continuity

Training investment in 2025: MVR 1,025,597

16.3 Monthly Governance Newsletter — Continuing Education

In lieu of a standalone annual refresher training session, STO's Company Secretariat Tean produces and distributes a monthly Governance Newsletter to all directors. The newsletter serves as the primary vehicle for continuing governance education and regulatory awareness throughout the year.

Each edition covers: regulatory and legislative updates from the CMDA, Securities Exchange Board of Maldives, Maldives Monetary Authority and other regulators; summaries of new or revised governance codes, listing rules and disclosure requirements, governance and sustainability best-practice highlights, briefings on emerging topics relevant to STO's risk and strategy profile, and reminders of upcoming compliance deadlines, policy acknowledgement requirements and Board calendar commitments.

The Board is of the view that this monthly cadence — twelve substantive governance briefings per year — represents a more effective and timely approach to director continuing education than an annual refresher training event alone. 12 newsletter editions were distributed in 2025 and acknowledged by the Directors.

In addition to the monthly Governance Newsletter and formal external programmes, directors received regular management briefings throughout 2025 on financial performance, strategy, technology, risk and ESG matters.

17. Governance Improvements in 2025 and Priorities for 2026

17.1 Governance Improvements — 2025

2025 was a year of substantive governance progress at STO. The Board completed its evaluation cycle, achieved full independence at year-end, restructured all three committees, introduced the Group Governance Framework, approved the IFRS S1 and S2 implementation framework, and maintained 96% overall Board attendance. The principal governance improvements achieved or closed during 2025 are summarized below.

Governance Area	Key Achievements — 2025
Board Composition	Appointment of Aishath Fazeena (11 March 2025), restoring full CMDA compliance on female director representation and strengthening Board expertise in risk management and financial governance.
Board Independence	Restoration of full non-executive independence at year-end following Mohamed Murad's resignation in January 2025. All NEDs serving at year-end are assessed as independent.
Committee Restructuring	ARC Chairmanship transitioned to Aishath Fazeena; GSC Chairmanship transitioned to Mohamed Ahsan Saleem (March 2025). Dhaanish Mohamed Ameen joined ARC from May 2025. All three committees refreshed and strengthened.
Risk Management	Risk Management function restructured: reporting moved from under the CFO to directly under the CEO for strengthened independence and oversight. Revised Risk Committee Charter and updated Risk Management Policy with risk tolerance levels.
Sustainability Reporting	Continued progress toward CMDA Sustainability Framework compliance; continuation of Sustainability Report publication.
Climate Governance	Initiated establishment of GHG emission recognition across the Group; commenced IFRS S1/S2 implementation planning.
Policy Framework	28 policies/procedures were reviewed/approved in 2025. Continuation of rolling policy review programme overseen by the GSC.
Subsidiary Governance	All subsidiaries published standalone governance reports. Group Skill Assessment Matrix maintained. Group Governance Framework introduced during 2025.
Board Digitalisation	OnBoard adopted as STO's secure board paper management platform. All Board and committee papers, agendas, minutes and supporting materials are now distributed and accessed digitally.
Director Development	12 Governance Newsletter editions distributed to all directors; Aishath Fazeena completed STO induction programme; formal external training programmes completed by Shimad Ibrahim, Mohamed Nizam, Aishath Fazeena and Reesha Abdul Munnim.
Board Evaluation	2025 Board evaluation completed; overall weighted average score 4.46/5.00; 6-action improvement plan agreed and approved.

17.2 Governance Roadmap — 2026 Priorities

The Board has identified the following governance priorities for 2026:

#	Priority Area	Description
1	Sustainability Disclosure	Implement IFRS S1/S2 and Maldives Sustainability Reporting Framework aligned disclosure with quantified targets and external assurance on disclosure.
2	Succession Planning	Formalize Board and executive succession plan through the NRC, incorporating lessons from 2025 governance changes and STO's evolving strategic priorities.
3	AI Governance	Establish Board oversight framework for artificial intelligence adoption and related governance risks across the Group.
4	Technology Governance	Align IT Governance Policy across the Group; strengthen Board-level oversight of cybersecurity and digital transformation risks.
5	Subsidiary Governance	Enhance Group governance oversight metrics; review subsidiary board composition and skill matrices across the Group.

18. Compliance Statement and Governance Effectiveness Metrics

The Board is committed to maintaining compliance with the CMDA Corporate Governance Code and all other applicable legal and regulatory requirements relevant to STO as a Listed Company. The Board has reviewed the Company's governance arrangements for the year ended 31 December 2025 and, based on information available to it, is satisfied that the Company has applied the principles of the CMDA Corporate Governance Code in all material respects except where specifically explained below under the 'comply or explain' approach.

No penalties were imposed by the Maldives Stock Exchange, CMDA or the Registrar of Companies, and there were no instances of material non-compliance with capital market legislation during the year ended 31 December 2025.

Reference to CMDA Code	CMDA Code Requirement	Compliance Status 2024	Explanation & Action Plan 2024	Compliance Status 2025	Status 2025
1.2 (c)	*Composition of the Board* At least half the Board should comprise of non-executive directors, with most of such non-executive directors being independent directors.	Compliant, though concerning	1 non-independent director in Board due to family relationship, as the director's wife was employed in a key department of the Company. *Action Plan* Although the director has resigned from post now, reviews are being made to strengthen the independence requirement of directors in the Board procedural documents.	Compliant	Mohamed Murad resigned in January 2025 and was succeeded by Aishath Fazeena in March 2025. Following this transition, the Board achieved full independence among its non-executive directors.
1.6 (a) vi.	*Duties of the Board as a whole* Adopt policies and procedures to ensure women participation on Boards to be initially set at minimum 2 women Board members on each Board.	Not compliant	There was only one female director in the Board. *Action Plan* STO is actively working to encourage shareholders to nominate female directors to the Board. The Board has also revised the Board procedural documents to encourage at least 2 female directors to sit in the Board. Also, as of reporting date, there are 2 female directors in the Board.	Compliant	The Board now comprises two female directors—Reesha Abdul Munnim and Aishath Fazeena (appointed in March 2025)—thereby meeting the CMDA minimum requirement at year-end.

19. Board Declaration

The Board of Directors of State Trading Organization Plc confirms that, for the year ended 31 December 2025, the Company has applied the principles and complied with the mandatory provisions of the Capital Market Development Authority Corporate Governance Code, except where otherwise disclosed in this Report on a comply-or-explain basis.

The Board further affirms that it has exercised its responsibilities with due care, diligence and in the best interests of the Company and its shareholders. In doing so, the Board is satisfied that:

- The governance framework, structures and processes in place are appropriate to the nature, scale and complexity of the Company's operations;
- The risk management and internal control systems are adequate and effective in safeguarding the Company's assets and supporting reliable financial and non-financial reporting;
- The Board and its committees have functioned effectively and in accordance with their respective mandates; and
- The Company has maintained high standards of transparency, accountability, integrity and fairness in its dealings with all stakeholders.

The Board remains committed to continuous improvement in governance practices and to strengthening its oversight in line with evolving regulatory expectations, international best practices and the Company's strategic direction under the EVOLVE framework.

Going Concern Declaration

The Board of Directors, after thorough assessment, affirms that STO remains a going concern. In making this determination, the Board has reviewed the Group's financial position, business strategy, risk management framework, cash flow projections, access to funding, and overall economic and industry conditions.

STO maintains a strong financial position, with stable revenue streams, prudent financial management, and adequate liquidity to meet operational and financial obligations. The Group has sufficient reserves and financing facilities to support business continuity and sustain its commitments.

Furthermore, the Board has considered potential risks and uncertainties, including macroeconomic factors, regulatory changes, and market volatility, and remains confident that the Group has the necessary risk mitigation measures, operational controls, and strategic flexibility to navigate these challenges.

Based on this assessment, the Board is satisfied that STO has the necessary resources to continue its operations for the foreseeable future, and as such, the financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and corporate governance best practices.

Penalties

No penalties have been imposed by any regulatory authority, and there have been no instances of non-compliance with legislative requirements pertaining to the capital market throughout the year 2025.

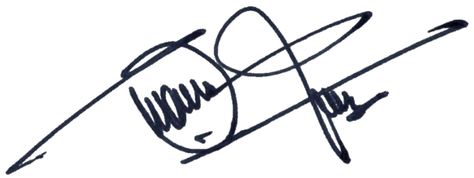
Forward-Looking Statement

The Board recognizes that corporate governance is an evolving discipline and will remain central to STO's long-term sustainability, resilience and value creation. As the Company progresses into 2026 and beyond, governance priorities will be closely aligned with the EVOLVE Strategic Business Plan 2026–2030.

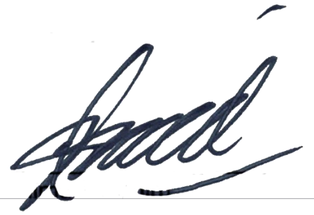
Key areas of focus will include strengthening Board oversight of technology and digital transformation, including the development of governance frameworks for data, cybersecurity and artificial intelligence; advancing sustainability governance through full alignment with the Maldives Sustainability Reporting Framework and implementation of IFRS S1 and S2; and enhancing Board effectiveness through deeper strategic engagement, improved agenda balance, and continued director capability development.

The Board will also place increased emphasis on Group-wide governance consistency, ensuring that subsidiary governance frameworks, reporting standards and oversight mechanisms are aligned with STO's overall governance architecture. In parallel, further enhancements will be made to risk oversight through structured scenario analysis, and to performance governance through tighter integration between strategy, KPIs and accountability frameworks.

Through these actions, the Board aims to ensure that STO continues to operate with strong governance discipline while remaining agile, forward-looking and capable of meeting both its commercial objectives and national mandate in an increasingly complex operating environment.



AMIR MANSOOR
Chairman



SHIMAD IBRAHIM
CEO

Sustainability Report

Beyond Business, For a Better Tomorrow

A Future Vision for Sustainable Development: A holistic vision where urban growth and environmental stewardship coexist — integrating renewable energy, green infrastructure, and smart planning to create resilient island communities. This reflects STO's commitment to driving sustainable progress for a better tomorrow.

Shaping **Tomorrow TODAY**

Message from the Chairman

“The Board does not govern STO from behind a dashboard. We govern by setting standards, naming gaps, and holding ourselves accountable to the same expectations we set for management. That is what this report reflects.”

Dear Shareholders,
Partners and Stakeholders,

2025 has been a year of genuine institutional change at STO, not merely in what we have reported, but in how we have structured ourselves to perform.

I am pleased to present this Sustainability Report, which discloses STO’s performance across all 36 Maldives Sustainability Reporting Framework (MSRF) cross-industry metrics, on a voluntary basis and ahead of the mandatory compliance date. That choice, to go further than required, and to do so honestly, reflects the disposition the Board has committed to under our EVOLVE Strategic Business Plan 2026–2030: that governance and sustainability are not compliance exercises. They are the foundation upon which shareholder trust, strategic ambition, and our national purpose are built.

What the Board did in 2025

The Governance and Sustainability Committee held six meetings during the year, up from four in 2024 and reflecting a deliberate decision to intensify ESG oversight at Board level. The Board reviewed and endorsed the Sustainability Report, initiated the IFRS S1 and S2 implementation programme assigning it to EY and approved the commissioning of STO's first Group-wide GHG emissions assessment through PAIA from CBRE. We also approved the enhanced ESG governance structure that underpins the forward commitments in this report and reviewed 28 governance policies and procedures as part of a rolling review programme. The Group Governance Framework was also introduced, establishing a unified accountability structure across subsidiaries and enabling the consistent ESG data flow that underpins this report.

These are not peripheral activities. They represent the Board taking direct ownership of the sustainability agenda.

What the Board acknowledges about its own gaps

I am equally candid about where we have fallen short. Our Board agenda time allocation review found that ESG and Sustainability accounted for significantly less time in Board discussion in 2025, compared to other important matters. This gap has been acknowledged and addressed. From 2026, ESG and Sustainability is a permanent standing agenda item at quarterly Board meetings, and a dedicated ESG page has been added to all Board papers.

What this report represents

The MSRF becomes mandatory for listed companies from 2027. This report is submitted voluntarily, ahead of that requirement. It discloses all 36 MSRF cross-industry metrics, maps STO's activities to the UN SDGs and GRI Standards, and provides an honest gap analysis of where we stand and what remains to be done. The report names every gap with equal clarity — any figures pending verification, waste disposal not yet quantified, and external assurance not yet obtained. These are not omissions. They are the honest baseline from which we will build.

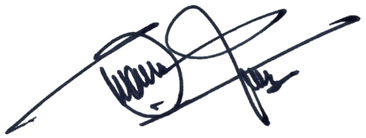
What is materially different about 2025 is not only what we have achieved, but it is what we have put in place. Carbon reduction is a Board-reviewed enterprise KPI. Climate risk screening is a mandatory investment gate under EVOLVE. ESG performance is embedded in management reward eligibility. Two of the world's leading professional service firms are now engaged in our most consequential technical workstreams. The institutional infrastructure for sustained ESG improvement is being built from 2025, not deferred.

STO's national purpose and its inseparability from sustainability

I want to be clear about why this matters for STO specifically. We are not a company for which sustainability is an optional overlay. We serve every atoll and every household in the Maldives. Our decisions on fuel supply, food distribution, medicine access, and construction materials reach communities that no alternative supply chain reliably serves.

The STO EVOLVE Strategic Business Plan 2026–2030 makes this explicit: supply continuity, safety, ESG compliance, and governance integrity are non-negotiables. They override commercial considerations. That is the standard the Board has set, and it is the standard by which we invite shareholders, regulators, employees, and the communities we serve to hold us accountable.

I am proud of the progress 2025 represents. I am clear-eyed about the distance that remains. I am committed on behalf of the full Board, to the institutional journey this report describes.



Amir Mansoor
Chairman

Message from the CEO

“Sustainability is about transforming our business model in a way that every decision, every investment, and every operation reflects the values of environmental responsibility, social equity, and strong governance.”

In the context of EVOLVE, sustainability at STO means something specific: it means executing the plan with ESG embedded in its DNA — not as a parallel initiative, but as the sixth of six strategic pillars governing every significant decision we make.

What EVOLVE means for our sustainability ambition

EVOLVE 2026–2030 sets a clear destination: to be a resilient, financially strong, digitally enabled, and governance-led enterprise delivering essential goods on time and at affordable prices while generating sustainable commercial returns. These ambitions are not separable from our sustainability commitments. Reducing Scope 1 and 2 carbon emissions by 25–30% by 2030, achieving full MSRF and IFRS S1/S2 reporting compliance with external assurance, and transitioning toward lower-carbon energy solutions across our fleet and facilities are all explicit EVOLVE targets — embedded in our enterprise KPI framework and reviewed at regular intervals by the Board.

What changed in 2025 is not merely ambition. It is the institutional infrastructure we put in place to deliver it.

The most notable investments in 2025

Of everything we did this year, two decisions will shape STO’s ESG trajectory most profoundly over the coming years.

First, we engaged Ernst & Young — one of the world's largest professional services firms with a dedicated Climate Change and Sustainability Services practice operating across 150 countries — to lead our IFRS S1 and S2 implementation programme. This is not a reporting project. It is a transformation of how STO identifies, quantifies, and discloses the sustainability-related risks and opportunities that affect our ability to generate value to the shareholders and the nation.

Second, we engaged PAIA from CBRE — a specialist sustainability consultancy with deep expertise in GHG Protocol-aligned emissions accounting and a strong track record across the maritime and energy sectors — to conduct STO's first Group-wide GHG emissions assessment. For the first time, STO will have a professionally verified, methodology - compliant emissions baseline from which our 25–30% carbon reduction target can be tracked with credibility.

Progress across our operations in 2025

Our environmental management this year has been defined by three things: rigor, honesty, and the beginning of measurement that matters.
The Funadhoo fuel terminal maintained its zero oil-spill commitment, tracked as an absolute non-negotiable KPI under EVOLVE. Our solar installation at the Staple Warehouse generates approximately 84,353.02 kWh, avoiding an estimated 59.02 tCO_2e — a modest contribution today, but the replication template for every future STO facility. Our new multipurpose green building is being designed to mandatory energy and water efficiency standards that will apply to all future capital infrastructure under EVOLVE.

On our vessel fleet, Carbon Intensity Indicator (CII) management is now a formal Board-level KPI. Our target of ≥C rating across the fleet from 2028 is not just aspirational. It is a governance commitment with named accountability and mandatory escalation if missed.

Across our segments, ESG is embedded where it has often been absent before. In Energy, volume growth is explicitly conditioned on non-negotiable ESG standards. In Healthcare Solutions, patient safety and pharmaceutical integrity are governed with zero-tolerance compliance standards. In General Trading, packaging sustainability KPIs are being tracked for the first time. In Construction Solutions, the Ready-mix concrete site sustainability assessment and the GHG reduction from operations study — both of which can materially reduce our construction materials carbon footprint — are active workstreams.

Our people — the sustainability we must never understate

In 2025, 1,717 employees — 69% of our workforce — received training, more than doubling the 33% reached in 2024. We invested MVR 14.9 million in staff development, up from MVR 10.2 million in 2024. Our staff satisfaction score reached 88%, surpassing the EVOLVE 2030 target of 87% — four years ahead of schedule. Our high performer retention rate stood at 97%, vs a target of 95%.

Behind these numbers is a workforce that is being asked to do something genuinely difficult: to operate a national-scale essential goods and services enterprise while simultaneously transforming its governance, its data systems, its ESG reporting, and its environmental footprint. The 2025 results tell me that our people are not just managing that challenge — they are rising to it.

Our community investment reached MVR 12.5 million in 2025, engaging over 300 community organizations and beneficiaries across all 20 atolls — spanning infrastructure, education, health, and youth development. The EVOLVE target is to reach at least 80% of atolls through CSR activities from 2026.

What this report discloses honestly

This report covers all 36 MSRF cross-industry metrics. It maps our performance to the UN SDGs and GRI Standards. And it names every gap with the same clarity as it describes every achievement.

The gaps are real and they are openly disclosed — each with a named EVOLVE action, a target timeline, and an accountable owner attached.

I want to be clear about why we disclose them this way. A report that obscures gaps protects its authors. One that names them holds its authors accountable. The latter is the standard STO has committed to, and it is the standard the Board has endorsed.

The road ahead

Our priorities for the medium term are already defined. The TCFD Climate Risk Register will be completed by end of 2026. The Scope 1 and 2 emissions boundary will be established. ESG data will be integrated into a digital recording platform. External assurance will be engaged for the first time. The EVOLVE carbon reduction pathway — 5–10% by 2026, progressing to 25–30% by 2030 — will move from baseline to first measurable reduction.

The national mandate that defines STO — to ensure that fuel reaches every power station, medicine reaches every patient, food reaches every household, and building materials reach every island across the Maldivian archipelago — is not separate from our sustainability commitments. It is the reason those commitments matter.

We invite every stakeholder to engage with this report and provide us feedback at sustainability@sto.mv.

SHIMAD IBRAHIM
CEO

1. About This Report

1.1 Reporting Basis and Framework

This Sustainability Report covers the performance of STO for the financial year ended 31 December 2025. It is prepared in accordance with the Maldives Sustainability Reporting Framework (MSRF) issued by the Capital Market Development Authority (CMDA), submitted on a voluntary basis ahead of the MSRF mandatory compliance date of 2026 Reporting.

The report is additionally cross-referenced with:

- GRI Standards (Global Reporting Initiative) — referenced throughout the report and mapped in Section 12
- UN Sustainable Development Goals (SDGs) — mapped to STO's material activities in Section11
- IFRS S1 and IFRS S2 (ISSB, 2023) — Summary and roadmap is set out in Section 10
- TCFD (Task Force on Climate-related Financial Disclosures) — partially addressed; full alignment targeted by 2027

1.2 Reporting Boundary and Scope

This report covers the direct operations of STO under an operational control boundary unless otherwise stated. Subsidiary companies are excluded from this reporting year, except where explicitly noted. The GHG boundary will be progressively expanded to Group level throughout 2026–2030. 2025 is the primary reporting year. Comparative data is provided where available.

1.3 Data Quality and Assurance

All data has been collected and reviewed internally. External third-party assurance has not yet been obtained for the 2025 reporting year. External assurance is targeted from 2026 report onwards, under the IFRS S1/S2 implementation roadmap.

1.4 Material Corrections from the 2024 Sustainability Report

- **MSRF S08 and S09 reclassification:** Both Employee Training Hours (S08) and Employee Training Costs (S09) were incorrectly classified as Voluntary in the 2024 report. The correct MSRF classification for both is Mandatory. This is corrected in the 2025 report.
- **MSRF E11 reclassification:** Waste Disposed (E11) was incorrectly classified as Mandatory in the 2024 report. The correct MSRF classification is Voluntary. This is corrected in the 2025 report.
- **MSRF G03 status update:** Supplier Screening Policy was disclosed as "No" in the 2024 report. This gap has been partially addressed in 2025 with the formalization of the sustainability review under revised Procurement Policy. G03 is now disclosed as "PARTIAL".

1.5 Contact and Feedback

Queries regarding this report should be directed to sustainability@sto.mv. The report is available on STO's corporate website at www.sto.mv. Feedback from all stakeholders is welcome and encouraged.

2. About STO

2.1 Business Overview

State Trading Organization Plc (STO) is one of the Maldives' largest publicly listed companies and the nation's primary importer and distributor of essential commodities. Listed on the Maldives Stock Exchange (MSE) and incorporated under the Companies Act (Act No. 7/2023), STO has served the national economy for over six decades since its establishment in 1964.

STO's 2030 ambition, as defined by the STO EVOLVE Strategic Business Plan 2026–2030, is to be a resilient, financially strong, digitally enabled, and governance-led enterprise delivering secure access to essential goods and services while generating sustainable commercial returns. STO's 2030 mission explicitly commits to minimizing environmental impact, promoting the health, safety and development of its people, and upholding the highest standards of governance.

Attribute	Detail
Full Legal Name	State Trading Organization Plc
Stock Exchange Listing	Maldives Stock Exchange
Year Established	1964
Registered Address	STO Head Office, Kan'baa Aisa Rani Hingun, Maafannu, Male', Republic of Maldives
Website	sto.mv
Reporting Contact	sustainability@sto.mv
Total Employees	2,500
Operational Network	Male', Thilafushi, Funadhoo, Hulhumale' and 20 atolls
Registered Agents	463 across all 20 atolls.
Pharmacies Operated	190+
Government Ownership	81.6% (Government of the Maldives)
Public Shareholders	18.3% (~4,000+ individuals)

2.2 Operating Segments and EVOLVE Sustainability Priorities

Segment	Strategic Role (EVOLVE)	Key Sustainability Priorities	EVOLVE Pillar
Energy	National supply security and primary commercial growth engine — volume led with ESG discipline	Scope 1 & 2 GHG emissions; CII fleet ratings; spill prevention; MARPOL compliance; lower-carbon transition (LNG, EV, renewables)	Empower Sustainability & Governance; Optimize Operations
Healthcare Solutions	Mandate-critical supply of medicines and healthcare products; selective service expansion	Cold-chain integrity; expired goods minimization; responsible disposal of pharmaceutical waste; supply chain ethics; ensure patient safety	Empower Sustainability & Governance; Elevate Core Businesses
General Trading	Food security, price stability, national reach — commercially sound modern retail/wholesale	Packaging sustainability; waste reduction; supplier screening; energy-efficient products (Hakathari Star); community food access	Empower Sustainability & Governance; Elevate Core Businesses
Construction Solutions	National development enabler — demand-led regional expansion	Site safety; sell sustainable construction materials; waste, water and emissions reduction; contract governance; resource efficiency	Empower Sustainability & Governance; Elevate Core Businesses

2.3 STO's National Role

STO's national role extends far beyond commerce — it is the backbone of essential services security across the Maldivian archipelago. Through a network of over 13 stores, 195 pharmacies, and 463 registered agents spanning all 20 atolls, STO ensures that every community — from the most populous islands to the most remote — has reliable access to the goods and services that sustain daily life, public health, and economic activity.

STO's national mandate encompasses five pillars:

Energy security: Aligned with STO's sustainability commitments and national decarbonization priorities, the Energy segment strengthened ESG integration across operations and strategy. Key initiatives focused on improving efficiency and reducing environmental impact through infrastructure upgrades, maintenance programs, and automated monitoring systems. Fleet modernization and modular fuel station expansion enhanced distribution efficiency and reduced emissions intensity, while coastal protection measures improved resilience against climate risks. The segment maintained strong compliance with environmental and safety standards, reinforcing governance and risk management. Looking ahead, STO will continue supporting the Maldives' net-zero 2050 ambition by exploring new technologies and diversifying the national energy mix to strengthen energy security.

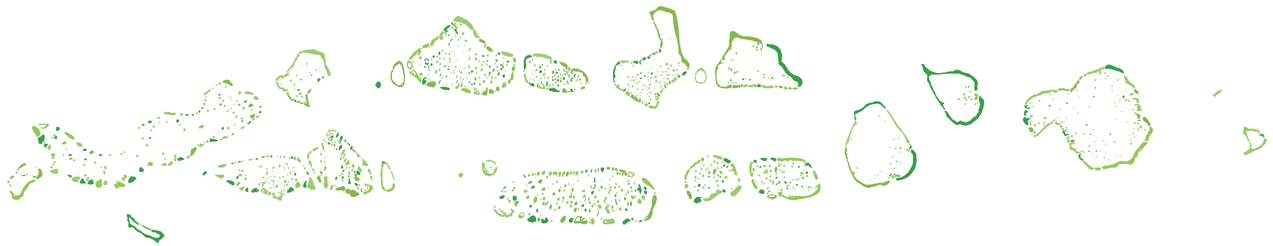
Food security: Equally fundamental is food security. STO's General Trading segment is the country's primary importer and distributor of staple food — rice, flour, sugar, cooking oil, and other essential commodities. Price stability and continuous availability are both commercial and public interest obligations. STO's nationwide retail and wholesale network, including its own stores, and agent distribution model, ensures that essential food items reach communities that private-sector supply chains alone would not reliably serve.

Medicine and healthcare security: Medicine and healthcare security is the third pillar of STO's national mandate. Through the Healthcare Solutions segment, STO is a primary importer and distributor of pharmaceuticals and medical supplies to health facilities across the Maldives. The integrity of this supply chain — cold-chain management, quality assurance, elimination of expired goods, and ethical procurement — directly affects patient safety and national public health outcomes.

Construction Materials: STO also plays a structural role in construction materials supply and national development, ensuring that building materials, hardware, and engineering supplies are accessible to public and private sector projects across the archipelago — supporting housing, infrastructure, and community development. The Construction Solutions segment is an active enabler of the Maldives' physical development agenda.

Employment and livelihoods: Beyond goods, STO's national role encompasses employment and livelihoods. STO is one of the Maldives' largest employers, providing direct employment to a substantial workforce across Male', Hulhumale', and atoll locations. Through its agent network, STO also sustains livelihoods indirectly across all 20 atolls — enabling local businesses, agents, and contractors to participate in the national supply chain. This economic footprint makes STO a material contributor to SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities).

This national mandate is a defining feature of STO's identity and a material factor in all sustainability decision-making. EVOLVE explicitly commits STO to ensuring that mandate-driven decisions are transparent, accountable, and do not obscure financial or ESG performance. The national role is not a constraint on sustainability ambition — it is the reason that ambition matters.



3. Sustainability Strategy

3.1 ESG Vision and Priorities

STO's sustainability vision is to be the trade partner that every community in the Maldives can count on — delivering essential goods responsibly, reducing our environmental footprint deliberately, and building the resilience this nation needs for the generations ahead. This vision is grounded in, and inseparable from, EVOLVE's sixth strategic pillar:

EVOLVE Pillar 6 — *Empower Sustainability & Governance:* "Embed ESG and governance as decision criteria, not parallel initiatives."
Strategic Choice: Integrate ESG, climate resilience, and risk considerations into investment and operational decisions.

Under this pillar, EVOLVE explicitly commits STO to:

- Integrating ESG, climate resilience, and risk considerations into every investment and operational decision
- Strengthening governance frameworks, internal controls, and compliance oversight
- Ensuring transparency and fairness to all shareholders
- Applying Board-approved guardrails when mandate-driven decisions affect commercial outcomes
- Never treating sustainability or governance as compliance-only exercises

3.2 Four Strategic ESG Focus Areas

Linked to EVOLVE

Environmental Impact & Resource Efficiency

Reduce Scope 1, 2 and 3 GHG emissions by 25–30% by 2030; improve energy efficiency; protect marine and terrestrial biodiversity

EVOLVE KPI: Carbon Reduction 25–30% by 2030; climate-screen all capex; resilient infrastructure design as mandatory investment condition

Responsible Business Practices

Embed integrity, anti-corruption, supply chain responsibility, and climate risk governance into all operations

Governance & regulatory compliance as strategic non-negotiable; MSRF voluntary 2025, mandatory from 2027; IFRS S1/S2 compliance with external assurance from 2027; ESG-screened suppliers ≥5% by 2027

People, Equality & Workplace Well-being

Foster a safe, inclusive, equitable workplace; invest in talent; uphold human rights throughout operations and supply chains

EVOLVE Value People & Culture pillar; safety and ESG compliance as enterprise KPI gate; HSE & ESG Compliance tracked across all segments

Sustainable Resource Management & Waste Minimization

Optimize water use; minimize waste; promote circular economy

Enhanced inventory management to reduce expiry; ESG-aligned procurement; packaging sustainability KPIs in General Trading and Construction

3.3 Integration with EVOLVE Corporate Strategy

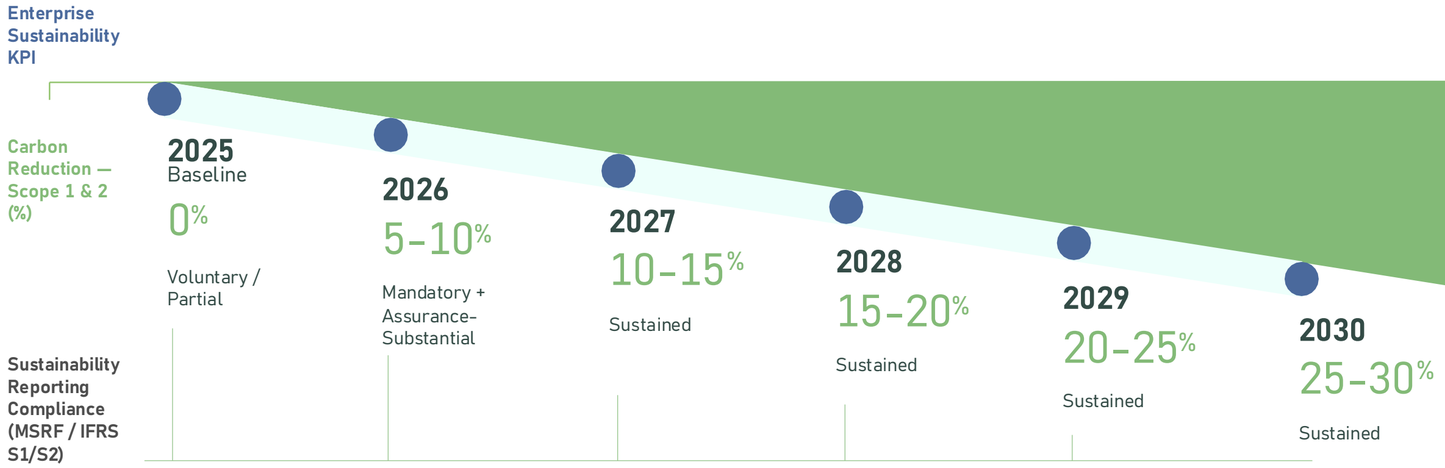
Sustainability under EVOLVE 2026–2030 is not a standalone workstream — it is the sixth of six strategic pillars governing every significant decision STO makes. Key integration points are described below.

3.3.1 Capital Allocation Framework

EVOLVE's Capital Allocation Framework explicitly requires all investments to be evaluated against climate resilience and ESG criteria alongside financial return, supply security, and operational continuity. ESG and climate risk screening is mandatory investment gate, not an optional overlay.

3.3.2 Enterprise KPI Architecture

Two enterprise-level sustainability KPIs are tracked at Board level quarterly and feed directly into the management performance and reward framework:



3.3.3 Performance and Rewards Linkage

EVOLVE's Performance Evaluation and Reward Framework applies ESG compliance as a component of the enterprise performance gate. Performance-based rewards are payable only when STO achieves minimum enterprise performance thresholds across financial, operational, people, and ESG dimensions simultaneously. ESG underperformance therefore carries direct financial consequences for management.

3.3.4 Financial Strategy and ESG Integration

EVOLVE's Financial Strategy explicitly addresses ESG integration in financial decision-making. STO will factor climate risk into asset design and capital planning; prioritize investments that reduce long-term operating costs; align financial reporting with MSRF and IFRS S1/S2 requirements; and enhance transparency in capital allocation. This integration reinforces STO's license to operate and access to future financing.

3.4 Linkage to National Priorities

STO's sustainability strategy is anchored in the Maldives' national policy framework. The priorities listed below are not external constraints on STO's business — they are the context within which STO's national mandate was built, and they directly shape the ambitions, targets, and disclosure approach in this report.

- **Maldives Nationally Determined Contributions (NDC):** The NDC outlines the Maldives' emission reduction commitments under the Paris Agreement. STO's Board-approved target of reducing Scope 1 and 2 carbon emissions by 25–30% by 2030 against the 2025 baseline is STO's most material contribution to national climate ambition. The transition activities underway — solar installations, fleet CII improvement, alternative energy readiness, and the Scope 3 boundary assessment — are all part of the decarbonization pathway aligned with the NDC's objectives.

- **Maldives Climate Emergency Act (Law No. 9/2021):** This domestic legislation commits the Maldives to achieving carbon neutrality by 2030 and establishes the national legislative foundation for environmental protection and climate response. STO's terminal Environmental Management System at Funadhoo — including the zero oil-spill commitment, MARPOL compliance programme, and pollution prevention framework — directly supports compliance with the obligations established under this Act.

- **Maldives Strategic Action Plan (SAP):** The SAP is the government's central planning framework for national development. It establishes priorities across economic development, social equity, environmental sustainability, and governance — all four of which map directly to STO's ESG focus areas. The SAP's emphasis on inclusive economic growth, employment creation, and access to essential services is reflected in STO's national distribution mandate, 463-agent network, and community investment programme. Multiple MSRF mandatory metrics — including S02 (Diverse Representation), S03 (Gender Equity), E03 (Scope 1 Emissions), and E11 (Waste Disposed) — cite the SAP as a relevant national policy.

- **Maldives Integrated National Financing Framework (INFF):** The INFF is the Government's gender-responsive climate financing strategy, addressing the Maldives' financing needs for achieving its sustainability objectives. STO's green procurement programme, ESG-screened supplier targets (≥5% of procurement spend by 2027), community investment activities, and progressive MSRF compliance demonstrate STO's contribution to the INFF's sustainable financing objectives. The 1:1 gender wage ratio maintained in 2025 and the Gender Equity Policy directly reflect the INFF's gender-responsive financing principles.

- **National Gender Equality Action Plan (GEAP):** The GEAP provides the government's roadmap for advancing gender equality across institutions, workplaces, and communities. STO's Gender Equity and Diverse Representation Policy are aligned with the broad principles of the GEAP. Full structured alignment — including adoption of the GEAP's specific quantitative targets and formal monitoring against its framework — is a confirmed EVOLVE commitment targeted for completion in 2026. The EVOLVE target of ≥40% female workforce representation by 2030 is directly informed by the GEAP's ambitions. The MSRF metric guidance for S02 and S03 both cite the GEAP as a relevant national policy.

- **National Biodiversity Strategy and Action Plan (NBSAP):** The NBSAP is the Maldives' framework for conserving biodiversity, promoting sustainable development, and addressing climate change through coordinated conservation across sectors. STO's zero oil-spill commitment is the single most material contribution STO makes to NBSAP objectives given the Maldives' dependence on marine ecosystem health. The planned MSA (Mean Species Abundance) biodiversity footprint assessment, the marine habitat screening across STO's principal operational sites and logistics routes, and the MARPOL compliance programme across all six Annexes all contribute to NBSAP conservation goals. STO's Ocean Drone Project, donated to MACL in 2024, supports national marine monitoring aligned with NBSAP priorities.

- **Maldives Sustainability Reporting Framework (MSRF — CMDA):** STO is reporting under the MSRF on a voluntary basis for 2025, covering all 36 cross-industry metrics ahead of the mandatory compliance date of 2026. MSRF reporting will become mandatory for listed companies from the year 2026 reporting. STO's roadmap to full IFRS S1/S2-aligned disclosure with external assurance from 2026 — governed through the GSC and the IFRS S1/S2 implementation programme led by EY — positions STO to meet and exceed the MSRF's progressive requirements.

- **Occupational Health and Safety Act of Maldives (Law No. 2/2024):** This legislation, enacted in 2024, establishes the statutory framework for occupational health and safety standards across Maldivian workplaces. STO revised its Organizational Health and Safety (OSH) Policy in November 2025, explicitly in compliance with this Act and is aligned with ISO 45001. The policy governs STO's Health and Safety Management System across all shore-based and support operations, covering risk assessment, incident reporting, emergency response, Health and Safety Committee oversight, and the biennial external OSH audit requirement. STO's compliance with this Act is an ongoing legal obligation and a material element of the HSE & ESG Compliance KPI tracked across all EVOLVE segments.

- **IMO 2023 GHG Strategy and MARPOL Framework:** The International Maritime Organization's 2023 GHG Strategy sets a target of net-zero GHG emissions from international shipping by or around 2050, with intermediate waypoints of 20–30% reduction by 2030 and 70–80% reduction by 2040 against 2008 levels. MARPOL Annex VI — through the Carbon Intensity Indicator (CII) and Energy Efficiency Existing Ship Index (EEXI) — translates these targets into vessel-level regulatory requirements that directly govern STO's fleet. STO's EVOLVE target of achieving an average CII rating of ≥C across all vessels by 2028 is the operational expression of this international framework for STO's maritime operations. Full MARPOL compliance across all six Annexes — covering oil, noxious liquids, sewage, garbage, and air emissions — is maintained as a non-negotiable standard across STO's vessel fleet and Funadhoo terminal.

4. Sustainability Governance

STO's sustainability governance is embedded within its broader corporate governance architecture, governed by the CMDA Corporate Governance Code, the Companies Act (Act No. 7/2023), and the Maldives Securities listing framework. The four principles underpinning all governance at STO — *Accountability, Transparency, Integrity, and Fairness* — apply equally to sustainability performance and disclosure.

4.1 Board of Directors — Composition and ESG Accountability

The Board of Directors holds ultimate accountability for STO's Sustainability performance. As of 31 December 2025, the Board comprised seven directors: the Independent Non-Executive Chairman, two Executive Directors, and four Independent Non-Executive Directors.

AMIR MANSOOR
Non-Executive Chairman
Independent
Chairs Board ESG oversight; leads annual Board evaluation (ESG identified as priority for 2026); risk and sustainability dimensions (Qualified Risk Director)

SHIMAD IBRAHIM
CEO
Executive Director
Accountable for all EVOLVE ESG KPI delivery; owns enterprise carbon reduction and sustainability reporting targets (Chartered Accountant)

MOHAMED NIZAM
CFO / Executive Director
Executive Director
Owns IFRS S1/S2 implementation roadmap; financial ESG integration; carbon accounting and climate risk in financial reporting; (Oxford Saïd ESG & Sustainable Financial Strategy credential, Chartered Accountant)

MOHAMED AHSAN SALEEM
Non-Executive Director
Independent
GSC Chair (from March 2025) — leads all ESG governance, sustainability reporting oversight, GHG emission assessment, and IFRS S1/S2 implementation planning; (CRISC certified)

DHAANISH MOHAMED AMEEN
Non-Executive Director
Independent
GSC Member (from March 2025); ARC Member (from May 2025); governance and compliance oversight with sustainability dimensions (Lawyer by profession)

REESHA ABDUL MUNNIM
Non-Executive Director
Independent
GSC Member; NRC Chair — oversees people and culture; diversity and gender equity governance (HR Professional)

AISHATH FAZEENA
Non-Executive Director
Independent
ARC Chair; risk management and financial governance expertise; PMI-RMP and Business Continuity certified 2025; brings ESG risk management capability to the Board (Chartered Accountant)

4.2 Governance and Sustainability Committee (GSC)

The GSC is the dedicated Board-level body responsible for ESG strategy, sustainability reporting, ethics, compliance architecture, and governance maturity. The GSC held six meetings in 2025, up from four in 2024, reflecting the Board's decision to intensify ESG oversight.

GSC Member	Role	Meetings Attended	Attendance %	ESG Expertise
Mohamed Ahsan Saleem	Chair (from March 2025)	6/6	100%	Sustainability governance; healthcare operations, hospitality and IT expertise
Reesha Abdul Munnim	Member	6/6	100%	HR expertise; People and culture; diversity; corporate governance; ESG disclosure quality
Dhaanish Mohamed Ameen	Prior Chair; Member from March 2025	6/6	100%	Legal and regulatory expertise; banking and infrastructure law; ESG regulatory risk

4.2.1 GSC Principal Responsibilities (ESG & Sustainability-Relevant)

- Overseeing sustainability strategy, ESG governance, and ESG reporting quality
- Monitoring progress toward key sustainability goals and climate-related governance development
- Reviewing governance policies, ethics and compliance frameworks — including Anti-Corruption Policy, Conflict of Interest procedures, and the Whistleblowing Policy
- Reviewing stakeholder governance and material non-financial disclosure quality
- Overseeing the Group Governance Framework and subsidiary governance compliance
- Supporting the Board on governance maturity, culture-related priorities, and CMDA engagement
- Reviewed sustainability reporting content and disclosure readiness against the relevant Frameworks
- Supported initiation of IFRS S1 and S2 implementation planning and GHG emissions workstream
- Reviewed and recommended endorsement of the Sustainability Report to the Board

4.3 Board ESG Oversight — Time Allocation and 2026 Rebalancing

The Board conducted a formal review of its 2025 agenda time allocation, benchmarking against global governance frameworks. The findings were candid, highlighting that greater focus is required on ESG and sustainability, technology, and people and culture. The detailed metrics and 2026 rebalancing commitments are set out in Corporate Governance Report.

4.4 Management ESG Structures

Operational accountability for ESG delivery rests with the CEO, supported by a dedicated ESG function within Corporate Affairs. Under EVOLVE's Pillar Ownership Matrix, the Empower Sustainability & Governance pillar is formally owned by the Corporate Affairs Head, with EXCO and all Functional and Segment Heads as co-accountable parties. All Heads of Department carry segment-level ESG KPI delivery responsibilities, with dedicated ESG and Sustainability leads appointed from every department.

4.5 Governance Infrastructure Supporting ESG

Governance Instrument	ESG Relevance
Code of Ethics and Code of Conduct	Sets the ethical foundation for all ESG commitments — integrity, accountability, and responsible conduct across the Group.
Whistleblowing Policy and Speak-Up Procedures	Enables reporting of ESG breaches, misconduct, and ethical concerns; supports MSRF G07 (employee grievances) and G01 (regulatory complaints).
Conflict of Interest Disclosure Procedures	Directly satisfies MSRF G02; prevents undisclosed interests from compromising ESG decision-making.
Risk Management Framework and Policy	Embeds climate and ESG risk within enterprise risk governance; environment explicitly named as a Board low-tolerance risk category; GSC oversees ESG risk dimensions.
Internal Audit Policy	Provides independent assurance on internal controls; ESG data integrity audited as part of EVOLVE performance management.
Related Party Transaction Procedures	Governance guardrail ensuring mandate-driven decisions do not compromise commercial ESG accountability.
Anti-Bribery and Anti-Corruption Policy	Satisfies MSRF G05; partially aligned with ISO 37001; zero tolerance for bribery; annual compliance training tracked per FTE from 2025.
Board Charter	Explicitly includes oversight of governance, ethics, compliance, and sustainability matters as a Board responsibility.
Group Governance Code (adopted 2014) and Group Governance Framework (adopted Q4 2025)	Ensures ESG governance standards cascade to all STO subsidiaries; 100% of majority subsidiaries published standalone governance reports from 2023 onwards.

4.6 Governance Performance Metrics — 2025

Governance Indicator	2024	2025
Board meetings held	19	**14**
Overall Board attendance rate	97%	**96%**
Female directors on Board	1	**2**
Independent Non-Executive Directors at year-end	4	**5 - all confirmed independent**
NED only meetings held	1	**2**
ARC meetings held	10	**8**
NRC meetings held	4	**3**
GSC meetings held	4	**6**
Policies and procedures reviewed / approved	59	**28**
Whistleblower cases received	29	**28**
Whistleblower cases resolved (%)	75%	**85%**
Internal audit assignments completed against work plan	76%	**79%**
Director training programmes completed	12	**8**
Director training investment (MVR)	1,008,101	**1,025,597**
External auditor	Deloitte (Year 2)	**Deloitte (Year 3)**

4.7 Board Director Development — ESG Dimension

Directors receive continuing education through multiple channels. STO's Company Secretariat produces a monthly Governance Newsletter — 12 editions in 2025 — covering regulatory updates, governance best practice, sustainability highlights, and emerging ESG risk topics. This supplements formal external training programmes.

In 2025, the Board identified Sustainability, People and AI/Technology as the three priority focus areas for director development in 2026. Aishath Fazeena, appointed in March 2025, completed her STO Director Induction Programme, the Risk Management Professional (PMI-RMP) certification, and a Strategy and Business Continuity programme — bringing enhanced ESG risk management capability to the Board.

Mohamed Nizam serves as an Enterprise Risk Advisor and has completed the ESG and Sustainable Financial Strategy programme at the University of Oxford, Saïd Business School, equipping him with advanced expertise in integrating sustainability considerations into enterprise risk and financial decision-making.

Mohamed Ahsan Saleem has successfully completed the CRISC (Certified in Risk and Information Systems Control) certification from ISACA. This equips him with the expertise to identify, assess, and manage enterprise IT risks while designing and overseeing effective control frameworks. It further enhances his ability to support the Board in strengthening risk governance, compliance, and strategic decision-making.

Additionally, the Company Secretary holds a Diploma in Corporate Governance and ESG from the Corporate Governance Institute (CGI), Ireland, thereby ensuring the availability of continuous, in-house ESG governance expertise to support the Board in oversight, compliance, and strategic sustainability integration.

Further strengthening the ESG/ Sustainability capability of Board and Management, a structured capacity-building programme has been scheduled for 2026, with training sessions to be delivered throughout the year by EY and PAIA from CBRE, focusing on general ESG competencies, IFRS Sustainability (IFRS S1 and S2) implementation, and Greenhouse Gas (GHG) assessment and reporting. This is expected to enhance technical depth across management and support robust, standards-aligned sustainability disclosures.

5. Stakeholder Engagement

EVOLVE recognizes stakeholder engagement as fundamental to both commercial delivery and long-term ESG performance. The stakeholder engagement framework has been developed with reference to Global Reporting Initiative GRI 2-29, the AccountAbility AA1000 Stakeholder Engagement Standard (AA1000SES) principles, and the Maldives Sustainability Reporting Framework cross-industry social and governance metrics. While not fully aligned, efforts have been made to incorporate key elements of these frameworks into the Company's engagement approach.

In 2025, STO maintained active, structured engagement across eight stakeholder groups — expanding from seven in prior years by formally recognizing Distributors and Agents as a distinct group, reflecting their critical role in STO's national distribution mandate and ESG value chain. Engagement outcomes directly informed the 2025 MSRF double materiality assessment refresh and EVOLVE strategy execution, with energy transition, food security, employee well-being, and governance transparency consistently identified as priorities across multiple groups.

5.1 MSRF, GRI and AA1000SES AccountAbility, Principles — Application at STO

AA1000 Principle	How STO Applies It	MSRF / GRI
Inclusivity	All eight material stakeholder groups are identified, mapped, and engaged through tailored channels.	GRI 2-29 · MSRF S02 (Diverse Representation)
Materiality	Engagement outputs feed directly into the MSRF double materiality assessment, capturing both inward materiality (ESG risks to STO's financial performance) and outward materiality (STO's impacts on society and environment).	MSRF Double Materiality Framework · GRI 2-29
Responsiveness	STO documents specific actions taken in response to each stakeholder group's concerns. Responses are tracked annually — enabling year-on-year accountability.	GRI 2-25 (Processes to remediate adverse impacts) · MSRF G06 (Client Complaints) · MSRF G07 (Employee Grievances)
Impact	Engagement outcomes are linked to measurable business, social, and environmental results — CSR spend, training rates, compliance status, procurement KPIs, community coverage, and satisfaction scores.	MSRF S07–S09 (Training) · MSRF E01–E05 (GHG) · EVOLVE KPIs

5.2 Stakeholder Identification and Prioritization

Stakeholders are identified and prioritized using the five AA1000SES criteria.

Stakeholder Group	New 2025	Responsibility	Influence	Dependency	Diverse Perspectives	Tension
Customers		H	H	H	H	M
Employees		H	H	H	M	L
Shareholders		H	H	H	M	M
Suppliers		H	M	H	L	M
Regulators		H	H	L	L	L
Communities		H	H	H	H	L
Media		M	M	L	M	L
Distributors & Agents	★	H	M	H	L	L

NEW = formally added as a distinct stakeholder group in 2025.

★

H - High M - Medium L - Low

5.3 Engagement Channels, Frequency, and Framework Alignment

Stakeholder Group	Customers	Employees	Shareholders	Suppliers	Regulators	Communities	Media	Distributors & Agents
Engagement Channels	Call centre (25,333 queries); social media (905 responses); 26 promotions; e-commerce platform; customer satisfaction survey (71.6% score); improved website	1-on-1 with CEO; town halls; 12 HR newsletters; 24 recreation events; 14 wellness programmes; staff welfare budget	AGM (17 May 2025 — 100% director attendance); annual & quarterly financial reports; MSE/CMDA disclosures; investor relations via Company Secretariat; 4,000+ public shareholders	64 supplier site visits (2024: 42; 2023: 37); 4 trade fairs; 1-on-1 supplier dialogues; supplier screening onboarding; KYC Policy review; supplier performance review programme	MSRF compliance submissions to CMDA; MARPOL compliance reporting; industry roundtables; regulatory consultations and training events; regulatory reports and directives	303 community organizations engaged; CSR initiatives across all 20 atolls; outreach events; island visits	70 media briefs; 30+ media partners; 6 active social platforms (Facebook, Instagram, X, LinkedIn, TikTok, YouTube); Information Officers in place; quarterly media performance evaluation and grading	463 registered agents across all 20 atolls; island distribution network reviews; agent performance monitoring; direct account management; trade terms and logistics dialogues
Frequency	Continuous	Continuous / Monthly	Quarterly / Annual	Continuous	Continuous	Continuous	Continuous	Continuous
GRI Disclosure	GRI 2-29 · GRI 2-25 · MSRF G06	GRI 2-29 · GRI 2-25 · GRI 2-23	GRI 2-29 · GRI 2-23 · GRI 2-19 · GRI 2-20	GRI 2-29 · GRI 414-1 · GRI 414-2 · GRI 2-23	GRI 2-29 · GRI 2-27 · GRI 2-23	GRI 2-29 · GRI 2-25 · GRI 413-1	GRI 2-29 · GRI 2-23	GRI 2-29 · GRI 414-1 · GRI 2-6
MSRF Metric(s)	G06 (Client Complaints — Voluntary)	S05, S06 () · S07–S09 (Training) · S12 (Fair Compensation) · G07 (Grievances — Voluntary)	G01 (Board Governance) · G02 (Director Independence) · G04 (BCM / Climate Risk)	G03 (Supplier Screening — Mandatory, active implementation)	All 36 cross-industry metrics (E01–E11; S01–S13; G01–G07) — Mandatory & Voluntary	S01 (Human Rights) · S02 (Diverse Representation) · S03 (Gender Equity) — community dimension	G01 (Board Governance — public disclosure dimension) · G06 (Stakeholder Redress — communication)	G03 (Supplier/ Distributor Screening scope — to be extended); S01 (Human Rights in distribution chain)
UNDP SDG	SDG 12 · SDG 17	SDG 3 · SDG 8 · SDG 10	SDG 16 · SDG 17	SDG 12 · SDG 13	SDG 13 · SDG 14 · SDG 16	SDG 1 · SDG 3 · SDG 4 · SDG 11	SDG 16 · SDG 17	SDG 2 · SDG 8 · SDG 17

5.4 Material Concerns, STO Responses, and 2026 Commitments

For each stakeholder group, the following sub-sections document: (i) the key concerns identified through 2025 engagement (GRI 2-29 requirement); (ii) STO's formal responses and actions taken — the AA1000SES Responsiveness principle and MSRF compliance evidence; and (iii) 2026 forward commitments (EVOLVE KPI). Where specific MSRF metrics are directly evidenced by the engagement, these are noted.

Customers

Materiality focus: Product quality & availability; eco-friendly products; price stability; digital access

Key Concerns Raised	STO Response 2025	2026 Commitments
Product quality and availability across all 20 atolls	Expanded quality brands and sustainable product range by 24 additional products	Increase sustainable product range
Eco-friendly and energy-efficient product options	Hakathari Star portfolio grown to 86 energy-efficient products total	Expand eco-friendly and energy efficient product range further
Price stability on essential goods during Ramadan and peak periods	Price stability maintained on essential goods throughout 2025	Continue essential goods price stability monitoring
Digital service access and e-commerce convenience	PC Service Centre: 100% of registered jobs completed; Makita Service Centre: 79% of registered repairs were completed; Healthcare Solutions: 80% of quality and compliance related cases registered were completed.	
	Digital platform rollout progressing — full launch targeted 2026	Full digital customer platform rollout
	25,333 customer queries handled via call centre; 905 social media responses on corporate STO account	Implement ISO 10002-aligned complaint classification system (MSRF G06 enhancement)

Employees

Materiality focus: Workforce wellbeing; career growth; fair pay; safety; inclusive working environment

Key Concerns Raised	STO Response 2025	2026 Commitments
Physical and mental wellness support	14 dedicated wellness initiatives; 20 employee grievances registered and resolved; Mental Health leave introduced; 24 recreation events	Expand mental health support programme
Career growth and professional development	68% of workforce trained in 2025; MVR 14+ million in training costs; ESG/strategy leads appointed from every department	Achieve 72% staff training target by 2026; Deliver targeted ESG/ Sustainability training across all departments
Occupational health and safety	measures upgraded per Act (Law 2/2024)	Enhance the measures across company and Group
Fair pay and flexible working arrangements	1:1 wage ratio	
Pleasant, inclusive work environment	MVR 8,402,208 invested through staff welfare budget; Staff Satisfaction Score: 88% in 2025; 12 HR Newsletters; Revamped workspace; new staff gym and recreation center opened;	

Shareholders

Materiality focus: ESG reporting quality; governance transparency; financial returns; subsidiary governance

Key Concerns Raised	STO Response 2025	2026 Commitments
ESG performance quality and credibility of sustainability disclosures	Annual reporting delivered within regulatory deadlines; Voluntary MSRF reporting: all 36 cross-industry metrics disclosed ahead of mandatory 2026 date	Full implementation of IFRS S1 & S2 by 2026 reporting; MSRF reporting mandatory from 2027 reporting; Complete Group GHG assessment and emissions baseline
Governance transparency and Board-level ESG oversight	14 Board meetings held in 2025; GSC meetings increased from 4 to 6 — reflecting intensified ESG oversight	Increase ESG Board time allocation; dedicate ESG review discussions in Board; include ESG data in board paper format
Financial returns and dividend performance	MVR 80 per share dividend approved at AGM; All shareholder queries attended in the meeting	Publish EVOLVE Strategic Plan progress report in quarterly and annual reports
Subsidiary governance and Group accountability	Group Governance Framework introduced; GHG assessment and IFRS S1 & S2 implementation across Group	Enhance the Group Governance Framework and strengthen the policies derived from it.

Suppliers

Materiality focus: Ethical sourcing; environmental compliance; packaging waste; ESG procurement criteria

Key Concerns Raised	STO Response 2025	2026 Commitments
Clarity on STO's ethical sourcing standards and expectations	KYC Policy reviewed and updated — strengthening supply chain due diligence	Full operational implementation of Supplier Sustainability Screening Policy
Environmental compliance requirements across supply chain	Procurement Policy reviewed with explicit sustainable sourcing focus	Begin tracking ESG-screened spend as % of total procurement
Packaging and product waste reduction expectations	Supplier Sustainability Screening criteria in active preparation	EVOLVE KPI: ≥1% ESG-screened spend by 2026; ≥5% by 2027
Transparency of STO's ESG procurement criteria and scoring	ESG compliance checks formally introduced into supplier onboarding process; Site visit programme scaled: 64 visits in 2025 (2024: 42; 2023: 37) — 52% increase YoY	

Regulators

Materiality focus: MSRF/CMDA compliance; HSE regulation; IFRS S1/S2 readiness; national ESG policy

Key Concerns Raised	STO Response 2025	2026 Commitments
MSRF compliance readiness ahead of mandatory 2026 deadline	Voluntary MSRF reporting: all 36 cross-industry metrics — ahead of mandatory 2026 date	Achieve full mandatory MSRF compliance for 2026 reporting year (all 36 metrics)
HSE regulatory compliance under Act (Law 2/2024) and MARPOL (all six Annexes)	OSH Policy upgraded in full compliance with ; Zero regulatory penalties or enforcement actions in 2025; Full MARPOL compliance maintained across all six Annexes	Continue full adherence; Engage external assurance partner (AA1000AS alignment — targeted 2028 for full assurance)
IFRS S1/S2 implementation readiness and disclosure quality	IFRS S1/S2 implementation roadmap initiated; EY appointed as implementation partner; Group GHG assessment initiated to support MSRF E01–E05 and IFRS S2 disclosure	Publish TCFD Climate Risk Register; Complete Group GHG emissions baseline

Communities

Materiality focus: Local environmental impact; economic benefit; social welfare; youth and education

Key Concerns Raised	STO Response 2025	2026 Commitments
Local environmental impact of STO operations in island communities	MVR 12.5 million invested in community initiatives in 2025	Community-driven sustainability projects aligned to EVOLVE CSR Reach KPI
Economic benefit and local employment generation	70+ community touchpoints delivered across all 20 atolls	Achieve ≥80% atoll coverage from 2026
Concerns on areas of development	CSR programming spanned education, health, infrastructure, and sports	Prioritise environmental awareness, youth development, healthcare access, and community infrastructure as core CSR themes

Media

Materiality focus: Transparency in corporate performance; ESG achievements; community impact communication

Key Concerns Raised	STO Response 2025	2026 Commitments
Transparency in corporate performance and governance disclosures	Media invited to all major company events in 2025	Increase frequency of company performance communications
ESG achievements and sustainability progress reporting	Quarterly media performance evaluated and graded; 6 social platforms actively managed; CSR events disclosed on website	Publish sustainability milestone stories aligned with EVOLVE progress
Coverage of new initiatives and community impact	70 media briefs issued; 30+ active media partnerships maintained; Collective effort to raise awareness on community and national development matters	Develop structured ESG communications calendar; Target increase in sustainability-specific media coverage

Distributors & Agents

Materiality focus: Supply chain reliability; distribution network resilience; national food security mandate

Key Concerns Raised	STO Response 2025	2026 Commitments
Reliability and consistency of product supply and logistics from STO	463 registered agents sustained across all 20 atolls — underpinning national food security mandate	Formalize structured engagement programme for Distributors & Agents
Clarity on pricing, trade terms, and promotional support	Formally recognized as a distinct stakeholder group in 2025, reflecting their role in STO's ESG value chain	Introduce agent satisfaction feedback mechanism
Digital systems and order management efficiency	Agent network integral to STO's essential goods distribution and food security commitments	Extend Supplier Sustainability Screening scope to include agents where applicable; fully digitalize agent management system
Support for operating in remote island communities with limited infrastructure	Distribution support provided	Improve distribution support to agents in remote islands

5.5 How Engagement Informed the 2025 Materiality Assessment

Under the MSRF double materiality framework, stakeholder engagement is a primary input to both inward materiality (ESG issues affecting STO's financial performance) and outward materiality (STO's impacts on environment and society). The following table documents the direct linkage between 2025 engagement outcomes and the MSRF materiality assessment.

Stakeholder Group	Engagement Input	Materiality / Strategic Outcome (MSRF)	Key Risks and Opportunities Identified	MSRF Metric Link
Customers	Eco-friendly products and supply reliability	High materiality: Energy Efficiency & Emissions Reduction; Food Security	Demand shift toward sustainable goods affects product portfolio; sourcing costs and revenues	MSRF E06 · E01 · S01
Employees	Safety and well-being; fair pay; flexible working	Critical priority: Employee Health, Safety & Well-being	Workforce stability and human capital as financial value driver	MSRF S05 · S06 · S07–S09 · G07
Shareholders	Governance transparency; EVOLVE execution; subsidiary governance	Drove: GSC meetings increased to 6; IFRS S1/S2 programme initiated; GHG assessment commissioned	Governance quality and ESG disclosure credibility affect access to capital and investor confidence	MSRF G01 · G04 · E01–E05
Regulators	Mandatory MSRF compliance timeline; MARPOL; HSE Act	Confirmed mandatory MSRF compliance date (2026); informed TCFD Climate Risk Register roadmap by 2027	MARPOL CII/EEXI regulatory requirements for vessels	MSRF All 36 metrics · G04
Suppliers	ESG procurement criteria; ethical sourcing standards	Accelerated Supplier Sustainability Screening Policy and KYC Policy update	Supply chain ESG failure as financial and reputational risk	MSRF G03 · GRI 414-1/414-2
Communities	Environmental impact; local employment; youth development	Reinforced: Community Investment and CSR programming as material outward impact	Possibility for CSR funds to be mis-used by communities	MSRF S01 · S02 · S03
Distributors & Agents	Supply reliability; digital tools; trade terms	Identified: Material gap in supply chain stakeholder coverage — structured digitalization programme to launch 2026	Distribution network resilience as operational risk to food security mandate	MSRF G03 (scope extension) · S01

5.6 Engagement Quality Assessment

This self-assessment has been developed with reference to the principles of AccountAbility AA1000 Stakeholder Engagement Standard (AA1000SES). It reflects STO's current level of maturity in stakeholder engagement practices and identifies areas for further strengthening. While not fully aligned, the framework incorporates key elements of AA1000SES principles.

Overall Maturity Level: Developing → Established (Transitional Stage)

AA1000 Principle	Engagement Area	Key Assessment	Status	Lifecycle Stage	GRI / MSRF Alignment	Improvement Focus
Inclusivity	Stakeholder Identification & Scope	Eight material stakeholder groups identified, covering regulators, customers, employees, suppliers, communities, and extended value chain (including distributors & agents added in 2025). Engagement spans all atolls and international supplier relationships.	*Established*	Plan	GRI 2-29 · MSRF S01	Formalize stakeholder prioritization (tiering) and inclusion/exclusion criteria
Inclusivity	Participation & Engagement Channels	Multiple engagement channels in place including AGMs, town halls, supplier visits, surveys, call center, and digital platforms. Broad participation evident, though consistency of documentation varies.	*Developing*	Implement	GRI 2-29 · AA1000SES Inclusivity	Standardize engagement frequency and introduce stakeholder engagement register with participation metrics
Materiality	Identification of Material Topics	13 material topics identified through MSRF double materiality assessment and aligned with EVOLVE strategic pillars.	*Established*	Plan	MSRF (All metrics) · GRI 2-29	Enhance documentation of stakeholder input weighting and prioritization methodology
Materiality	Coverage & Validation of Topics	All material topics linked to at least one engagement mechanism; however, systematic stakeholder validation of prioritization is still evolving.	*Developing*	Review	MSRF · GRI 2-29	Strengthen validation processes and formal stakeholder input integration into scoring
Responsiveness	Feedback & Response Mechanisms	Stakeholder feedback captured through multiple channels (call center, social media, surveys), with responses communicated via reports, media briefs, and stakeholder platforms.	*Developing*	Implement	GRI 2-29 · GRI 2-23 · MSRF G01	Introduce formal tracking of issues, responses, and closure (feedback loop system)
Responsiveness	Complaints & Grievance Handling	ISO 10002-aligned complaints handling system under development; current mechanisms exist but are not fully standardized or integrated.	*Developing*	Prepare	MSRF G06	Operationalize and integrate grievance system into ESG reporting and monitoring
Responsiveness	Communication of Outcomes	ESG-related responses communicated through annual/quarterly reports, shareholder portal, HR communications, and community outreach. ESG communications calendar planned for 2026.	*Developing*	Implement	GRI 2-29 · GRI 2-23 · MSRF G01	Formalize structured ESG communication cycle linked to stakeholder concerns
Impact	Integration into Decision-Making	Stakeholder engagement outcomes have informed EVOLVE Strategy, 2025 materiality refresh, procurement policy updates, CSR programming, and increased GSC oversight.	*Established*	Review	AA1000SES Impact · MSRF G04	Improve traceability of decisions directly linked to stakeholder inputs
Impact	Governance & Strategic Integration	ESG integrated into Board-level reporting and governance structures, including GSC oversight and IFRS S1/S2 implementation programme.	*Established*	Review	GRI 2-29 · MSRF G04	Introduce Board-level stakeholder insight dashboards and formal reporting
Impact	Measurement of Outcomes	Evidence of stakeholder influence exists; however, impact is not yet systematically measured or quantified.	*Developing*	Review	AA1000SES Impact	Develop KPIs for stakeholder impact (e.g., resolution rates, satisfaction, policy changes)

5.7 Assurance and Continuous Improvement

MSRF reporting for 2025 is voluntary, covering all 36 cross-industry metrics ahead of the mandatory 2026 compliance date. As part of the IFRS S1/S2 implementation roadmap (led by EY, February–September 2026), STO will initiate engagement with an external assurance provider, with full independent assurance targeted for 2026 — completing the EVOLVE 2030 governance commitment.

The following improvements are committed for the 2026 engagement cycle, each mapped to the relevant framework requirement:

- Formalize the Distributors & Agents engagement programme with structured feedback mechanisms and satisfaction tracking [AA1000SES Inclusivity · GRI 2-29 · MSRF G03]
- Implement ISO 10002-aligned complaint classification system — enabling restated MSRF G06 data from 2026 [MSRF G06 · GRI 2-25]
- Implement the Supplier Sustainability Screening Policy; begin tracking ESG-screened procurement spend (EVOLVE KPI: ≥1% by 2026, ≥5% by 2027) [MSRF G03 · GRI 414-1 · GRI 414-2]
- Develop and publish a structured ESG communications calendar to increase sustainability disclosure frequency and quality [GRI 2-29 · GRI 2-23 · AA1000SES Communication]
- Progress IFRS S1/S2 gap analysis with EY and publish first IFRS-aligned disclosures in 2027 [IFRS S1 para. 6 · IFRS S2 · MSRF G04]
- Establish TCFD-aligned Climate Risk Register; complete Group GHG emissions baseline [IFRS S2 · MSRF E01–E05 · MSRF G04]
- Expand mental health support — directly responsive to employee engagement outcomes [MSRF S05 · S06 · AA1000SES Responsiveness]
- Increase ESG Board time allocation and progress Board governance rebalancing plan [MSRF G01 · IFRS S1 para. 6(a) · AA1000SES Integration]
- Achieve ≥80% atoll coverage in CSR programming — EVOLVE CSR Reach KPI [MSRF S01 · SDG 11 · AA1000SES Inclusivity]

	Assurance Milestone	Standard / Framework
2025	Self-reported. External assurance partner engaged	AA1000SES · GRI 2-29 · MSRF (voluntary)
2026	External assurance obtained report published	IFRS S1/S2 · MSRF (mandatory) · AA1000AS (initiation)
2027	Sustained	IFRS S1/S2 · MSRF · GRI · AA1000AS
2028	Sustained	Full AA1000AS · IFRS S1/S2 · MSRF · GRI

6. Materiality Assessment

6.1 Process

In 2025, STO completed its second full materiality assessment under the MSRF double materiality framework, incorporating both inward materiality (ESG issues affecting STO's financial performance) and outward materiality (STO's impact on the environment and society). The assessment was updated to reflect EVOLVE's strategic priorities, and the climate risk dimensions identified in STO's external environment analysis.

The process comprised five stages, sequenced in accordance with GRI 2-29, AA1000SES (Inclusivity and Materiality principles).

Output and Framework Link

Activity

Stage 1

Stakeholder engagement (inputs)

Concerns and priorities from all 8 stakeholder groups — primary input to the materiality matrix [GRI 2-29 · AA1000SES Inclusivity]

Stage 2

Internal stakeholder engagement

Board and management ESG priorities reviewed against EVOLVE pillars and MSRF mandatory/ voluntary metric requirements [MSRF · IFRS S1 para. 6(a)]

Stage 3

Framework review

MSRF cross-industry metric register, GRI Standards, UN SDGs, and IFRS S1/S2 requirements reviewed [MSRF · GRI · IFRS S1 para. 18]

Stage 4

Double materiality scoring

Each topic scored on: Stakeholder Importance (SI — outward materiality) and Business Impact (BI — inward materiality) [MSRF Double Materiality · IFRS S1]

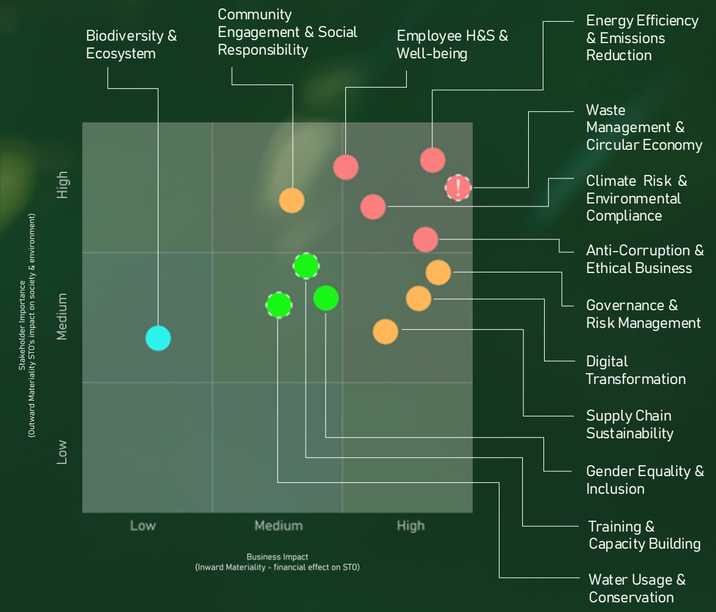
Stage 5

EVOLVE alignment and prioritisation

Material topics mapped to EVOLVE pillars and MSRF metrics; gaps between stakeholder engagement and materiality evidence identified and addressed [EVOLVE 2026–2030 · AA1000SES Responsiveness]

6.2 Double Materiality Heat Map

The heat map below plots all 13 material topics against two axes: Business Impact (horizontal — inward materiality, the financial effect on STO) and Stakeholder Importance (vertical — outward materiality, STO's impact on society and environment). Topics flagged with ! indicate where the stakeholder engagement cross-check identified insufficient evidence to support the assigned materiality zone.



Priority Zone

- Critical Priority [H/H]
- High Priority [H/M or M/H]
- Medium Priority [M/M]
- Monitor [L/M or M/L]

! ◌ Stakeholder Evidence Gap]

6.3 Materiality Topic Register with EVOLVE Alignment

Material Topic	Stakeholder Importance	Business Impact	Zone	EVOLVE Alignment and Key Actions
Energy Efficiency & Emissions Reduction	H	H		EVOLVE KPI: 25–30% Scope 1&2 reduction by 2030; CII fleet targets (≥C by 2028); Renewable energy investments; Independent GHG assessment; 100% MARPOL compliance; Initiation of IFRS S1/S2 implementation
Climate Risk & Environmental Compliance	H	H		Mandatory climate screening of all capex; TCFD climate risk assessment planned; Resilient design standards for projects; Physical and transition risk scenarios
Waste Management & Circular Economy	H	H		Inventory management through ERP; FIFO shelving in new warehouses; Cylinder requalification programme; Packaging sustainability KPIs in General Trading and Construction Solutions
Employee Health, Safety & Well-being	H	H		HSE & ESG Compliance KPI across all EVOLVE segments; Revised OSH Policy implemented; HSSEQ Manuals; Stop Work Authority; Zero serious injury target; Health & Safety Committee active
Anti-Corruption & Ethical Business Practices	H	H		Anti-Bribery and Anti-Corruption Policy; Whistleblowers Policy; ISO 37001 partial alignment; Zero tolerance for bribery; Annual compliance training for Board and Staff
Community Engagement & Social Responsibility	H	M		CSR Reach KPI: ≥80% atolls or beneficiaries from 2026; MVR 12.5m invested in 2025; CSR Policy active; 463 agents ensuring national access across all 20 atolls
Supply Chain Sustainability	M	H		ESG-screened suppliers ≥5% of procurement spend by 2027; Know Your Customer Policy active; Procurement Policy revised; Human rights criteria in supplier onboarding included Supplier Screening Policy being finalized
Digital Transformation for Sustainability	M	H		EVOLVE Lead with Digital pillar; 100% target by 2030 (30% achieved 2025); Digitalized ESG data management planned; Fleet tracking 100% planned by 2028
Governance & Risk Management	M	H		Audit Issue Closure 95% by 2030; Board escalation framework; EY appointed for IFRS S1/S2 implementation; GSC 6 meetings in 2025; Group Risk Management Policy active; a separate Risk Management function in place reporting to CEO
Water Usage & Conservation	M	M		Water-efficient fixtures in 30% of facilities by 2027; New green building water standards; 56,442 m³ consumed in 2025; Water expenditure: MVR 6,177,582
Gender Equality & Inclusion	M	M		EVOLVE Value People pillar; 2 female directors (29%) at year-end 2025; CMDA minimum compliance met; National Gender Equality Action Plan alignment in progress; EVOLVE target: ≥40% women by 2030
Training & Capacity Building	M	M		69% of the workforce trained in 2025; MVR 14,923,770.29 spent on staff development; ESG training embedded in annual training calendar from 2026 onwards; Board: 10 programmes completed in 2025; 6 scholarship programmes opened in 2025
Biodiversity & Ecosystem Preservation	M	L		MSA biodiversity footprint assessment planned; Marine habitat screening across operational sites to be initiated; Zero oil-spill commitment maintained

H - High

M - Medium

L - Low

Critical

High

Medium

Monitor

7. Environmental Performance

7.1 Climate Strategy and GHG Emissions (MSRF E01–E05)

7.1.1 GHG Emission Strategy (E01) — Mandatory — Status: YES

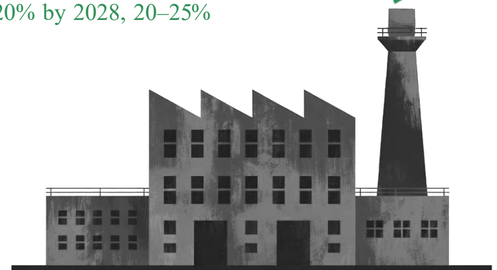
STO has an active GHG emissions reduction strategy embedded in the EVOLVE Strategic Plan 2026–2030, which sets a Board-approved, quantified target of 25–30% reduction in Scope 1 and 2 emissions by 2030 against the 2025 baseline. This target is an enterprise-level KPI reviewed quarterly by the Board, with material underperformance triggering mandatory escalation. The reduction pathway is phased: 5–10% by 2026, 10–15% by 2027, 15–20% by 2028, 20–25% by 2029, and 25–30% by 2030.

STO acknowledges that a standalone consolidated GHG Strategy document has not yet been formally adopted. The company is consolidating all relevant strategies — including EVOLVE's carbon reduction commitments, the vessel CII compliance framework, the Scope 3 boundary assessment, and the renewable energy programme for the long term — into a single Board-approved instrument, targeted for completion in 2027.

The relevant national and international policy frameworks within which STO's emissions strategy is anchored include: the Maldives Nationally Determined Contributions (NDC); the Maldives Integrated National Financing Framework (INFF); the National Biodiversity Strategy and Action Plan (NBSAP); the Maldives Strategic Action Plan; the IMO MARPOL Annex VI (CII and EEXI regulations for vessels); the Greenhouse Gas Protocol Corporate Standard; and GRI 305-5 (Reductions of GHG Emissions); and IRIS+ OI8237 (Greenhouse Gas Emissions Strategy — Impact Reporting and Investment Standards, a cross-reference taxonomy used by impact investors to assess climate strategy disclosure). STO's IFRS S1/S2 implementation programme, led by EY, will further align the emissions strategy with the disclosure requirements of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information). The forthcoming strategy will consolidate governance of the following workstreams.

7.1.2 GHG Emissions Performance (E02–E05) – Status - YES

Emissions Metric (MSRF Code)	MSRF Status	2024	2025	EVOLVE 2030 Target
Total GHG Emissions — tCO_2e (E02)	Mandatory	39,142.38	49,515.49	25–30% reduction vs 2025 baseline
Scope 1 Direct Emissions — tCO_2e (E03)	Voluntary	35,753.01	45,076.52	≥25% reduction vs 2025 baseline
Scope 2 Indirect Emissions (electricity) — tCO_2e (E04)	Voluntary	3,389.37	4,438.97	Reduce costs or rollout renewables
Scope 3 Other Indirect Emissions — tCO_2e (E05)	Voluntary	Not identified	Not identified	Establish baseline 2026; disclose from 2027
Total Fuel Consumed by owned vessels and vehicles — liters	Supplementary	13,340,324.32	16,616,611.67	Improve efficiency



Note on 2025 trend: The increase in Scope 1 emissions in 2025 was primarily attributable to fuel consumption from the three vessels added to the fleet in late 2024. Furthermore, Scope 1 2024 does not include fuel consumption by Funadhoo generators.

7.1.3 GHG Calculation Methodology

Reporting standard and consolidation approach
GHG emissions are calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol Corporate Standard). The operational control consolidation approach was selected because STO has full authority to introduce and implement operating policies at all facilities and vessels within scope — including the Funadhoo fuel terminal, all shore-based warehouses and retail facilities, and the company owned vessels. This approach is consistent with STO's status as operator of record across all material emission sources. Subsidiary companies are excluded from the current boundary.

Base year
2025 is established as the formal base year for EVOLVE's 25–30% Scope 1 and 2 carbon reduction targets by 2030. The 2025 figures presented in this report constitute the most recent verified comparative data available at the time of publication. Any future changes to the organizational boundary, methodology, or emission factors that have a material impact on the base year figure will trigger a recalculation in accordance with the GHG Protocol significance threshold, and the restated base year figure will be disclosed transparently in the relevant reporting period.

Total GHG Emissions (E02)
Total GHG emissions (E02) represent the arithmetic sum of Scope 1 direct emissions (E03) and Scope 2 indirect emissions from purchased electricity (E04). For 2025, this yields a combined figure of 49,515.49 tCO2e, comprising 45,076.52 tCO2e from Scope 1 sources and 4,438.97 tCO2e from Scope 2 sources. Scope 3 emissions are not yet included in the E02 total, as the Scope 3 boundary assessment is not complete, the future E02 figures will incorporate Scope 3 categories where data is sufficiently reliable for disclosure. As such this report discloses the E02 figure excluding Scope 3.

Scope 1 — Direct Emissions (E03)
Scope 1 covers all direct GHG emissions from sources owned or controlled by STO under the operational control boundary. The primary emission sources are: (a) fuel combustion from STO's owned and operated vessels which represent the largest single Scope 1 component given the scale and fuel intensity of STO's marine logistics operations; (b) fuel combustion from company vehicles across all operational sites; and (c) stationary combustion equipment including diesel generators and facility machinery. Fuel consumption data is sourced from bunker delivery notes and fuel purchase records for vessels, and procurement and operational logs for vehicles and stationary equipment in comparison with SAP data.

Refrigerant fugitive emissions (HFCs from air conditioning units and cold-chain refrigeration equipment) are excluded from the 2024 and 2025 Scope 1 figure. This exclusion is considered immaterial relative to the dominant fuel combustion sources at this stage of STO's GHG reporting maturity. However, once full identification and data collection are completed, STO will include these emissions in its reporting, targeted from the 2026 report onwards.

Scope 2 — Indirect Emissions from Purchased Electricity (E04)
Scope 2 covers indirect GHG emissions from the generation of purchased electricity consumed by STO across all operated facilities. Electricity consumption data is sourced directly from STELCO and FENAKA utility bills covering STO's office premises, Thilafushi operations, Funadhoo fuel terminal, Hulhumale' facilities, retail outlets across the country, and the 195 pharmacies. The location-based method is applied, using the Maldives national grid emission factor of 0.655 kg CO2e/kWh sourced from a Training Report of Ministry of Tourism & Civil Aviation and Utility Regulatory Authority, providing country-level grid emission factors.

As the Maldives does not operate a renewable energy certificate (REC) market or guarantees of origin scheme, a market-based Scope 2 figure is not applicable and only the location-based method is reported — consistent with GRI 305-2 disclosure requirements for markets without instrument availability. Solar generation at the Staple Warehouse directly reduces purchased electricity from the STELCO grid and is reflected in the Scope 2 figure as a reduction in grid consumption, not as separate credit.

Scope 3 — Other Indirect Emissions (E05)
Scope 3 covers all other indirect GHG emissions that occur in STO's value chain, both upstream and downstream. Scope 3 category boundaries are not complete and planned for assessment as part of the 2025 GHG workstream. The highest-priority Scope 3 category estimated is Category 11 — Use of Sold Products, specifically the downstream combustion emissions from petroleum products distributed through STO's bunkering and fuel distribution operations. Given the scale of STO's Energy segment, Category 11 is likely to constitute the dominant share of STO's total GHG footprint once Scope 3 is fully quantified. A full Scope 3 category inventory and initial quantification will be disclosed in the 2027 Sustainability Report.

7.1.4 Fleet Carbon Intensity Indicator (CII) — EVOLVE Target: ≥C Rating maintained from 2026

EVOLVE's Logistics Department KPI framework includes a specific Vessel Carbon Intensity Indicator (CII) target: an average IMO CII rating of ≥C across the fleet from 2026, sustained through 2030. The Low-Emission Vessels KPI also tracks the proportion of low-emission fleet, with targets rising from ≥5% in 2026 to ≥10% by 2030.

Vessel	2024 CII	2025 (Forecast)	EVOLVE 2026+ Target
MT Alimas	C	C	≥C — Sustained
MV MSS Chrome	C	C	≥C by 2026
MV MSS Galena	D	D	≥C by 2027
MV MSS Graphene	D	D	≥D by 2026; ≥C by 2028
MT Neon	n/a	C	≥C — Sustained

The CII rating for 2025 will be confirmed between May and June 2026. Figures above reflect forecasted estimates for 2025 reporting purposes.

7.2.1 Energy Consumption (MSRF E06) — Mandatory — Status: YES

Total energy consumption at STO in 2025 comprised purchased electricity from the STELCO and FENAKA grid, on-site solar generation, and fuel combustion across STO's vessel fleet, company vehicles, and stationary equipment. EVOLVE identifies energy efficiency as a key driver of cost reduction under the Optimize Operations pillar, with digital monitoring of energy use embedded as a requirement across all major facilities.

Renewable energy proportion: Based on 2025 data, on-site solar generation of approximately 49,327.1 kWh represents 0.73% of purchased electricity consumption (49,327.1 ÷ 6,774,756 × 100). Once the Hulhumale' Warehouse solar output is confirmed and total energy including fuel is expressed in kWh, the renewable proportion against total energy will be materially lower but will be formally disclosed as a baseline percentage from the 2026 report onwards, consistent with GRI 302-1 and MSRF E06.

Energy Source Breakdown in kWh

Energy Source	Category	2024 Consumption	2025 Consumption	Notes
Purchased electricity (STELCO and FENAKA grid)	Non-renewable (diesel-generated grid)	5,174,604 (MVR 28.09)	6,774,756 (MVR 38.43)	Location-based method; from STELCO & FENAKA utility bills
Solar generation (on-site)	Renewable	Solar PV system was temporarily decommissioned to facilitate main panel modification	49,327.1	Staple Warehouse grid; offsets purchased electricity consumption
Marine and vehicle fuel (operational use only)	Non-renewable (crude oil derivatives)	141,432,293	175,639,630	Calculated based on fuel consumption multiplied by net calorific values, in accordance with IPCC Guidelines, GHG Protocol, and IMO MARPOL Annex VI data collection methodologies.
Total Energy Consumption		**146,606,897**	**182,365,058.9**	

The Maldives national grid is predominantly diesel generated. STO's solar installations directly reduce purchased electricity from this non-renewable source. Energy consumption is measured from utility invoices (electricity) and operational fuel records (marine and vehicle fuel).

7.2.2 Calculation methodology

Purchased electricity: Electricity consumption is measured directly from STELCO and FENAKA utility invoices in kWh, covering all STO-operated shore-based facilities under operational control — including the Male' headquarters, Thilafushi warehouses, Hulhumale' facilities, retail outlets, and pharmacies. This is consistent with the Scope 2 boundary applied in Section 7.1.3.

Solar generation: On-site solar generation at the Staple Warehouse is measured from inverter output data and is reflected as a reduction in net purchased electricity from the STELCO grid.

Marine and vehicle fuel: Fuel consumption is recorded in liters from bunker delivery notes and fuel purchase records for vessels, and procurement and operational logs for company vehicles and stationary equipment. Conversion to kWh equivalent will be applied using GHG Protocol emission factor database, consistent with the methodology applied in the Scope 1 GHG calculation in Section 7.1.3.

Generators: Funadhoo fuel terminal runs on generators. Additionally, diesel consumption by backup generators at shore-based facilities is included within the stationary combustion component of Scope 1 and is therefore captured within the fuel consumption figure.

7.2.3 Key Energy Initiatives in 2025

Solar Panel Project - STO Staple Warehouse:
This project was completed in 2022. Generating approximately 84,353.02 kWh per year, avoiding approximately 59.02 tCO_2e annually based on the Maldives grid emission factor of 0.655 kg CO_2e/ kWh. This installation demonstrates STO's renewable energy investment model under EVOLVE and serves as the replication template for future facilities.

Operational Renewable Energy Expansion:
Under the EVOLVE strategy, STO is actively assessing and identifying additional renewable energy solutions for its own operations. The renewable energy assessment forms part of EVOLVE's capital allocation framework, under which all new investments are evaluated against climate resilience and ESG criteria as a mandatory gate condition.

Future green capital infrastructure:
Energy-efficient lighting, solar integration, and water-efficient fixtures incorporated as mandatory design standards — establishing the benchmark for all future STO capital infrastructure under EVOLVE and contributing to the long-term reduction of purchased electricity consumption.

Vessel Fleet Tracking:
EVOLVE KPI targets 100% fleet tracking by 2028, enabling real-time monitoring of vessel fuel consumption and energy efficiency. Fleet tracking data will directly support vessel-level energy intensity analysis and CII rating management, linking the energy and emissions workstreams.

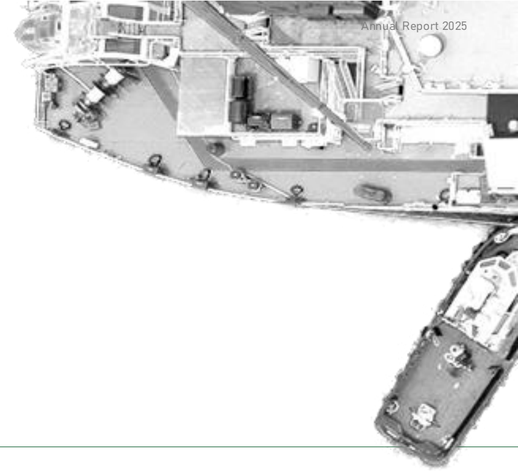
Process Digitalization:
Under the process digitalization project - 30% progress achieved in 2025 against a 100% target by 2030. The progressive elimination of printing, physical document management, and paper-based processes cumulatively reduces the energy footprint associated with office operations across STO's facilities.

7.3 Biodiversity (MSRF E07–E08)

7.3.1 Biodiversity Assessment (E07) — Mandatory — Status: NO, Assessment Planned 2026-2030

STO has not yet conducted a formal standalone biodiversity footprint assessment on its operational sites. However, STO operates a comprehensive Environmental Management System (EMS) at the Funadhoo terminal aligned with ISO 14001, which constitutes the operative biodiversity protection framework. A formal biodiversity risk screening covering STO's principal sites of environmental exposure — Funadhoo fuel terminal, Thilafushi storage facilities, and marine logistics routes — is planned as part of the 2026-2030 sustainability programme.

While a formal biodiversity assessment has not been conducted, the Funadhoo fuel terminal and STO's vessel fleet operate under a comprehensive and documented environmental management framework that constitutes STO's current operative system for protecting the Maldives' marine environment. This Environmental Management Framework (EMF) is structured across three levels: (a) the internal EMS, incorporated within the third-generation QHSE System, covering environmental aspects identification, legislation identification (MARPOL, ISGOTT, OCIMF), spill containment, pollution prevention, and emergency preparedness; (b) domestic regulatory compliance with the Environment Protection and Preservation Act (Law No. 4/93) and the Climate Emergency Act (Law No. 9/2021); and (c) mandatory international standards including MARPOL 73/78 (all six Annexes), ISGOTT 6, OCIMF MTMSA, ISM Code, BWM Convention (Regulation D-2), and ISPS Code.



Internal Environmental Management System-Terminal

STO has established an EMS at the Funadhoo terminal in line with ISO 14001 environmental management standards. The EMS is embedded within the third-generation QHSE System (Quality, Health, Safety, Security and Environmental Management System), which was originally established incorporating AS 18001 occupational health and safety standards and MTMSA (Marine Terminal Management and Self-Assessment) standards. STO's occupational health and safety framework has since been updated: the revised OSH Policy is aligned with ISO 45001 — the international standard that superseded AS 18001 — governing all shore-based and support operations. The QHSE System governs all environmental management practices across terminal, Energy and Logistics Departments office operations.

The EMS encompasses the following documented programmes and procedures relevant to marine environmental and biodiversity protection:

- **Environmental Aspects Identification** (EMS Document No. 003) — systematic identification and evaluation of environmental aspects, reviewed quarterly and updated as business needs evolve
- **Legislation Identification** (EMS Document No. 004) — routine screening of all applicable international conventions, national regulations, and industry guidelines including ISO 14001, OCIMF, ISGOTT, and MTMSA, reviewed at quarterly management reviews
- **Environmental Planning and Objectives** (EMS Document No. 005) — time-based Environmental Programme with progressive improvement targets
- **Pollution Prevention** — Oil Pollution— detailed procedures covering cargo loading, tank-to-tank transfer, and unloading; specific controls for tank overflow prevention, line and hose draining, cargo line leak prevention via hydrostatic pressure testing at 1.5× working pressure; and manifold blanking procedures
- **Spill Containment** — drip trays, bunding, and containment areas maintained empty during all cargo operations; oil spill response equipment maintained on standby and exclusively reserved for pollution prevention including portable pumps, absorbent pads, sawdust, non-sparking scoops, chemical dispersant (deployed only upon authority approval), and heavy-duty retention drums

- **Emergency Preparedness and Response** (EMS Document No. 011) — Pollution Emergency Plan (PEP) with specific contingency procedures and periodic drills; emergency procedures reviewed and updated following each incident or exercise

- **Green Purchasing** (EMS Document No. 017) — preference given to environmentally friendly products and services; all suppliers notified of STO's EMS requirements

- **Management Review** — quarterly management reviews covering environmental performance, audit results, corrective action status, and EMS system adequacy; comprehensive annual reports produced

Domestic regulatory compliance

- ***Environment Protection and Preservation Act (Law No. 4/93)*** — the foundational Maldivian environmental law administered by the Environmental Regulatory Authority (ERA). Prohibits disposal of oil or any substance harmful to the environment within the territory of the Maldives. Terminal operations comply with ERA permitting and environmental assessment requirements.

- ***Environmental Impact Assessments (EIAs)*** — under the Environment Protection and Preservation Act and the ERA's regulatory framework, STO conducts Environmental Impact Assessments for capital projects and operational changes that require regulatory approval. EIAs form part of STO's formal commitment to identifying and mitigating the environmental consequences of its operations before they arise, rather than managing impacts after the fact. In 2025, STO conducted 2 EIAs Funadhoo Fire Safety Project and Hulhumale' Multipurpose Warehouse was conducted. All assessments were submitted to the ERA within the required regulatory timeframes and approved.

- ***Climate Emergency Act (Law No. 9/2021)*** — commits the Maldives to carbon neutrality by 2030. STO's zero spill commitment and terminal environmental controls are directly aligned with the national environmental protection obligations established under this Act.

- ***STO Energy Terminals Environmental Policy (STO Policy 02, effective 30 June 2025)*** — commits STO to: (1) Prevention of Pollution — including oil spills, chemical spills, and garbage disposal; (2) Compliance with Regulations — full compliance with MARPOL and all relevant national and international regulations; (3) Environmental Risk Management — identifying and managing environmental risks associated with all operations; (4) Continuous Improvement — ongoing improvement in environmental performance; and (5) Zero Tolerance — zero tolerance towards all pollution incidents. The policy further commits STO to maintaining an EMS as part of the ISM framework, conducting training and awareness programmes for all personnel, and identifying and maintaining emergency procedures for environmental hazards.

International standards — Terminal and Vessels

- **MARPOL 73/78 (all six Annexes) — Annex I** (oil), Annex II (noxious liquids in bulk), Annex III (harmful packaged substances), Annex IV (sewage — no untreated sewage discharged within 12 nautical miles of land), Annex V (garbage — no garbage discharged to sea; plastics landed for shore disposal and recycling), Annex VI (air emissions). Terminal personnel are required to ensure vessels arriving at Funadhoo comply with all Annex requirements. MARPOL compliance is screened as part of the quarterly legislation review under the EMS.
- **ISGOTT 6 (International Safety Guide for Oil Tankers and Terminals, Sixth Edition)** — the principal international operational standard governing ship/shore interface safety, bunkering operations, emergency shutdown systems, and spill prevention at oil terminals. STO's terminal spill prevention and containment procedures are explicitly cross-referenced to ISGOTT requirements.
- **OCIMF MTMSA (Marine Terminal Management and Self-Assessment)** — incorporated into STO's third-generation QHSE System as a recognized standard. The MTMSA framework provides the basis for STO's terminal self-assessment and audit programme.
- **ISM Code** — STO's Safety Management System, documented in the HSSEQ Manual, governs vessel environmental procedures, emergency response, and crew training on pollution prevention.
- **BWM Convention (Regulation D-2)** — approved ballast water treatment systems on STO's foreign-going vessels prevent the introduction of invasive aquatic species into Maldivian waters.
- **ISPS Code** — Port Facility Security Plan procedures include protection against deliberate acts that could result in environmental damage.

Zero oil spill commitment: STO's zero oil spill commitment from fuel terminal operations was maintained in 2025. Under EVOLVE Annex A, Oil Spills from Terminal Operations is tracked as an explicit ESG KPI with a target of 0 — Absolute across every year from 2025 through 2030. This KPI is non-negotiable, meaning material failure triggers mandatory Board escalation.

Fuel testing — quality assurance as an environmental control

STO maintains a long-standing partnership with GeoChem for fuel testing. All fuel distributed is tested before entering circulation to ensure compliance with international environmental standards, reducing the risk of contaminants and harmful emissions. This directly reduces the environmental risk of substandard fuel combustion contributing to air and marine pollution.

7.3.2 Biodiversity Footprint (E08) — Voluntary — Status: NO, Assessment Planned 2026-2030

STO has not conducted a quantified biodiversity footprint assessment. No MSA (Mean Species Abundance) figure is available for 2024 or 2025. STO aims to commission an MSA biodiversity footprint assessment in a future report, covering Funadhoo fuel terminal, Thilafushi storage facilities, and key marine logistics routes. A firm disclosure timeline will be established as part of STO's 2026 sustainability programme planning.

7.4 Water Conservation (MSRF E09–E10)

7.4.1 Maldives Water Context

Freshwater is among the most strategically significant natural resources in the Maldives. The country's geography — over 1,200 low-lying islands dispersed across 90,000 square kilometers of ocean — makes freshwater supply structurally scarce. There is no surface freshwater; all potable and operational water is sourced from rainwater harvesting, groundwater, or desalination. Supply costs are among the highest in the region, and climate-related disruptions — increasingly frequent storms, sea-level rise, and saltwater intrusion into groundwater — are progressively threatening supply reliability across the archipelago.

For STO, this context has direct operational and strategic implications. Water is both a cost driver and a supply-security risk across multiple business segments. Reduction of water consumption is therefore not merely an environmental obligation — it is a financial efficiency measure and a contribution to national climate resilience.

STO's water conservation commitments contribute directly to SDG 6 (Clean Water and Sanitation) and to the Maldives' national climate adaptation agenda. The vessel-level MARPOL and BWM compliance framework also contributes to SDG 14 (Life Below Water) through the prevention of wastewater discharge and invasive species introduction into Maldivian coastal waters.

7.4.2 Water Conservation Strategy (E09) — Mandatory — Status: YES

STO's water conservation strategy is embedded in the EVOLVE Strategic Plan 2026–2030. STO does not have a standalone water conservation policy document as of now; this is disclosed transparently. Water consumption at STO arises from three distinct use categories: (1) industrial use at the Construction Solutions Power-mix ready-mix concrete site (largest single component — water as a production ingredient and for ready-mix and truck washdown); (2) domestic and sanitation use across shore-based facilities; and (3) vessel crew use (currently excluded from the E10 boundary).

Industrial use — Construction Solutions (Power-mix operations): Water is a direct ingredient in ready-mix concrete production, mixed with cement and aggregates to produce concrete to specified strength grades. Water is also consumed in substantial volumes in the washdown of ready-mix concrete trucks after each delivery run — a mandatory process to prevent residual concrete from hardening in the drum and chute. These two processes constitute the largest single component of STO's operational water consumption and are process-dependent rather than behavior-dependent, meaning they cannot be reduced through fixture upgrades alone. Reduction requires process-level interventions such as water recycling systems for truck washdown, optimized water-cement ratios in mix design, and the outcome of the EVOLVE-mandated ready-mix site sustainability assessment.

Domestic and sanitation use — shore-based facilities: Water used across Male' office premises, Thilafushi warehouses, Funadhoo fuel terminal, Hulhumale' facilities, retail outlets, and pharmacies for sanitation, food preparation, cleaning, and housekeeping.

This component is directly addressable through the EVOLVE fixture upgrades, staff behavior programmes, and digital monitoring. It is the primary target of EVOLVE's water-efficient fixture installation programme.

Vessel crew use: Freshwater consumed by crew aboard STO vessels, for drinking, cooking, sanitation, and cleaning. This is either carried from port or produced onboard via Ro Plant. This component is currently excluded from the E10 boundary and is identified as a data gap to be addressed in future reporting periods. The QHSC system's health and hygiene standards (QHSC Part A, S&H Document No. 009) govern responsible crew water use onboard. Understanding this three-part profile is essential to assessing the conservation strategy and interpreting the E10 performance data accurately.

Key components of STO's water conservation strategy under EVOLVE:

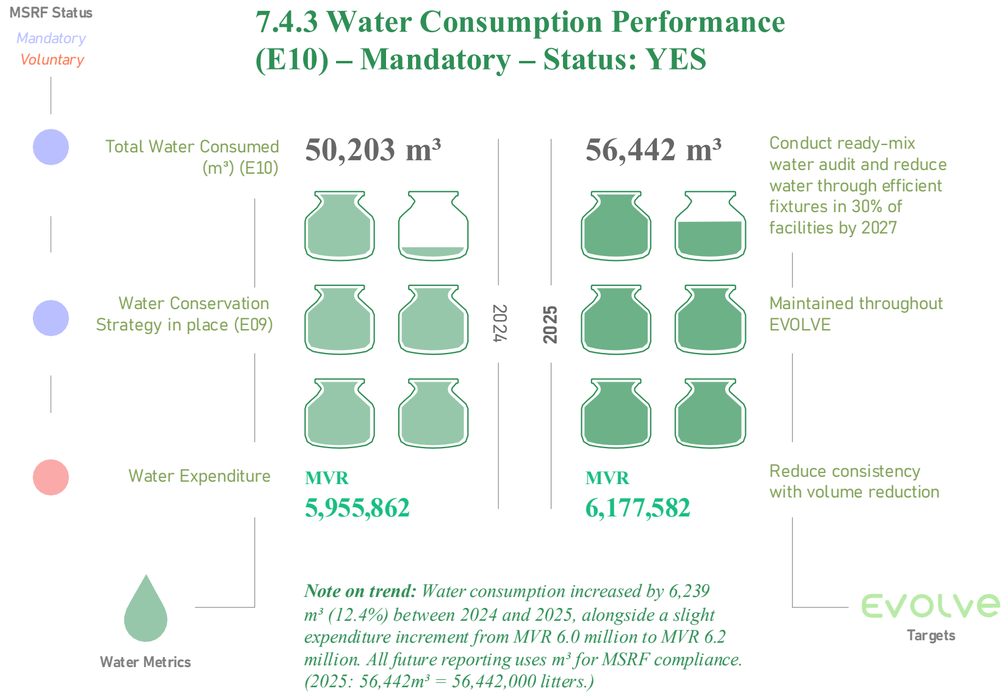
- **Ready-mix concrete site sustainability assessment:** EVOLVE commits Construction Solutions to completing a comprehensive sustainability assessment of the Power-mix ready-mix concrete site, with phased conservation targets across 2026–2030. This assessment is the most operationally significant water conservation commitment in EVOLVE, directly targeting the site responsible for the largest share of STO's total water consumption. The assessment is expected to establish a disaggregated baseline water figure for the Power-mix operation and to identify specific reduction measures for both concrete production and truck washdown processes — including the feasibility and design of water recycling systems for washdown water recovery.

- **Water-efficient fixtures: 30% of office premises and warehouses by 2027:** EVOLVE's primary quantified water reduction commitment for non-industrial shore-based facilities. Installation of low-flow taps, dual-flush cisterns, and water-efficient fixtures across at least 30% of STO's office and warehouse premises by 2027. A phased implementation plan has been developed to spread capital costs and minimize operational disruption, accompanied by employee training and awareness programmes.

- **Green building standard — water efficiency as mandatory design requirement:** All new building and other project designs requirements incorporate water-efficient fixtures as a mandatory design standard from the outset, rather than as a retrofit requirement. This establishes the benchmark for all future STO capital infrastructure under EVOLVE — meaning that every new facility built or substantially refurbished from 2025 onwards will meet this standard by default, progressively improving STO's aggregate water efficiency profile over the EVOLVE investment horizon.

- **Annual consumption tracking:** Water usage is tracked annually via utility invoices and expenditure records.

7.4.3 Water Consumption Performance (E10) – Mandatory – Status: YES



Note on trend: *Water consumption increased by 6,239 m³ (12.4%) between 2024 and 2025, alongside a slight expenditure increment from MVR 6.0 million to MVR 6.2 million. All future reporting uses m³ for MSRF compliance. (2025: 56,442m³ = 56,442,000 litters.)*

Calculation methodology

Water consumption is measured from utility invoices covering all STO-operated shore-based facilities under operational control, consistent with MSRF E10 usage guidance which identifies utility invoices as a valid measurement source. The organizational boundary is operational control, covering STO's direct shore-based operations. The following are explicitly excluded from the current E10 boundary: subsidiary companies; and vessel freshwater consumption (crew domestic use across all STO vessels).

Vessel freshwater exclusion is identified as a data gap to be addressed in future reporting periods to give a complete picture of STO's total water consumption under operational control.

Water is consumed across two categories within the current boundary. Industrial use at the Construction Solutions Power-mix site and domestic and sanitation use across all other facilities cover sanitation, food preparation, cleaning, and housekeeping.

STO does not currently report water consumption disaggregated by segment or use type. Establishing a disaggregated baseline — separating industrial use at the Power-mix site from domestic use across other facilities — is a priority data improvement for 2026-2030 period, as it will enable targeted conservation measures and more meaningful year-on-year comparison as the EVOLVE strategy matures.

7.5 Waste Management (MSRF E11)

7.5.1 Waste Disposed (E11) — Voluntary — Status: Not Measured

STO has not measured total waste disposed in tonnes for 2024 or 2025. Waste quantity data collection and recording is currently under development as part of EVOLVE's data readiness programme. Given the operational complexity and scale of waste tracking across the Group, this process requires phased implementation. Quantified waste figures by disposal method are therefore targeted for disclosure in a future reporting period.

First, STO operates across many fundamentally different business segments — each generating distinct waste streams with different composition, volume, regulatory status, and disposal requirements.

Over 190 pharmacies, a fuel terminal, a ready-mix concrete plant, a supermarket chain, and a construction materials distributor each produce waste that bears no resemblance to the others. Managing all segments responsibly is a genuinely complex operational challenge that cannot be addressed with a single system or policy.

Second, the structural conditions of the Maldivian archipelago make waste disposal inherently more challenging than almost anywhere else in the world. MSRF explicitly acknowledges this, noting that the Maldives' geography makes waste management "particularly challenging" and citing it as "a core focus" of local sustainability efforts.

Hence, understanding the national waste context is essential to understanding STO's position.

The Maldives waste challenge — national context

The Maldives faces one of the most acute waste management challenges globally, shaped by its dispersed geography and uneven infrastructure between Male' and the outer islands. Waste practices vary significantly across the archipelago, with many islands relying on open dumpsites and widespread open burning due to limited collection, segregation, and treatment systems. These practices result in serious environmental degradation and public health risks, including vegetation loss, damage to soil and plant systems, and accelerated coastal erosion. In many cases, disposal sites are located too close to shorelines, allowing windblown waste and residual pollutants to enter the marine environment.

Thilafushi, the primary waste disposal site serving the Greater Male' region and located approximately 6 km from Male', has historically been overwhelmed by the volume of waste generated—estimated at around 846 tonnes per day across Male' and surrounding islands. Until recently, much of this waste was managed through open burning due to the lack of adequate treatment infrastructure. A significant transition is underway through a multi-donor Waste-to-Energy (WTE) project, assisted by Asian Development Bank. The facility, expected to be operational from 2026, will process up to 500 tonnes of waste per day while generating electricity.

However, gaps remain, including the absence of reliable national data on recycling and treatment rates, and the continued co-disposal of hazardous and medical waste with municipal waste streams.

Efforts to improve waste management have been led by WAMCo through the establishment of Island Waste Management Centers (IWMCs) and regional waste systems. These frameworks promote segregation, on-island composting, and the transfer of recyclables to Regional Waste Management Facilities (RWMFs). Nevertheless, implementation remains inconsistent, heavily dependent on island-level capacity, governance, and community participation. As a result, many islands continue to face limited or non-existent waste services, leading to ongoing practices of dumping waste in coastal, marine, and inland environments, alongside open burning.

For STO, this national context presents direct operational and environmental implications. Waste generated across its widespread distribution network—particularly in outer atolls—enters systems that range from relatively structured in the Greater Male' region to highly informal or absent elsewhere.

The logistics of transporting waste between islands to access IWMCs or WAMCo-managed facilities also increase fuel consumption and emissions. In this context, waste minimization at source is not only an environmental priority but a practical necessity. Given the current limitations in nationwide waste infrastructure, reducing waste generation and improving handling at the point of origin remains the most effective strategy for managing STO's environmental impact across its operations.

Waste profile by business segment

The following describes STO's known waste streams by segment. None are currently measured.

Healthcare Solutions — pharmaceutical and medical waste:

STO's most regulated and highest-risk waste stream. Expired and damaged pharmaceutical products are isolated from normal stock under the Inventory Management Procedure and handed to the disposal team on a scheduled collection date. Categories requiring particular care during disposal include controlled substances (narcotics and psychotropic medicines), cytotoxic anti-cancer drugs, flammables (ethers and alcohols), hazardous and toxic chemicals, medical perishables, and non-biodegradable materials. Disposal must comply with MFDA regulations on pharmaceutical and medical equipment waste. STO follows the principle of responsible destruction for all pharmaceutical waste with assistance from MFDA and WAMCO — it is not simply discarded. The primary EVOLVE commitment for this stream is reducing volume at source through more responsible demand forecasting and cold-chain integrity, reducing pharmaceutical expiry before it becomes wasted.

General Trading — food, packaging, and consumer goods waste:

Perishable food goods that expire or spoil, packaging waste (cardboard, plastics, containers), and retail consumables. FIFO shelving in new warehouse facilities directly reduces perishable expiry at source. STO has previously diverted food waste and product waste as fish feed and other organic reuses. Under EVOLVE, General Trading carries a Packaging Sustainability KPI — tracking products transitioned to sustainable packaging — which will progressively reduce single-use packaging waste entering the waste stream. In 2020, the Maldives also introduced a nationwide ban on single-use plastics, and new regulations mandate waste segregation in commercial facilities, both of which are directly relevant to STO's retail operations. In 2021, STO pharmacies began using paper bags instead of plastic, supporting the government's initiative. The Supermart store followed suit in 2022.

Energy — terminal and vessel waste:

The Funadhoo terminal generates operational waste streams governed by the QHSC Environmental Management System. The relevant governing procedures are EMS Document No. 018 (Garbage Handling — governing collection, separation, stowage, and periodic disposal of all terminal waste categories) and EMS Document No. 020 (Garbage Management — governing minimization, special care items, and disposal obligations). EMS Document No. 021 (Waste Reduction) governs office-based waste reduction and recycling across shore-based facilities. Hazardous waste streams at the terminal include used batteries (stored in plastic containers for approved facility disposal — must never be burned), used and contaminated chemicals (stored in sealed and labelled drums for return to manufacturer or port facility disposal — must never be burned or mixed), oil-impregnated waste including scale and rags (stored carefully given self-heating and self-ignition risk), used paint (stored for facility disposal — must not be burned), and used aerosol cans and toner cartridges (stored for approved facility disposal). Disposal of garbage to sea is explicitly prohibited under the QHSC system and carries unlimited liability. Vessel waste is governed by MARPOL Annex V (Prevention of Pollution by Garbage from Ships). No garbage is discharged or thrown into the sea from STO vessels. Plastics are specifically landed for shore disposal and recycling — never discharged at sea. Garbage Record Books are maintained on all vessels as documentary compliance records.

Construction Solutions — construction and ready-mix waste

Construction activities generate mixed solid waste including concrete rubble, steel, timber, packaging, and ready-mix residue. Ready-mix concrete waste — returned loads, drum washout residue, and off-spec batches — is a significant operational waste stream from the Power-mix plant. The EVOLVE-mandated sustainability assessment of the ready-mix site will specifically address waste recycling, including the potential for recycling concrete washout water and reusing returned concrete as aggregate or fill material

Corporate and office operations —

general office waste: Office paper, electronics, and consumables. The QHSC Waste Reduction procedure (EMS Document No. 021) requires waste copy paper to be separated and reused for draft printing before disposal, discourages printing of non-essential documents, and requires shredding and recycling of wastepaper. Electronics and ICT equipment that is no longer serviceable must be disposed of in accordance with the ICT Inventory Management Procedure of the Company.

Paper and print waste reduction

In 2024, STO discontinued its practice of printing an annual physical calendar distributed across the organization and transitioned to a digital format. The primary environmental benefit is the elimination of paper, ink, and packaging waste associated with a large annual print run — reducing a recurring, predictable waste stream. There is a legitimate question about the energy trade-off: digital infrastructure, server operations, and device usage carry their own energy footprint. However, the net environmental balance strongly favors digital over print when the print run is large, the distribution is wide, and the digital content is accessed on devices already in use for other purposes — all of which apply to STO's calendar. The initiative is best characterized as a paper waste reduction measure, contributing to EVOLVE's 100% paperless target by 2030, currently 20% achieved.

Starting from 2026, General Trading introduced digital coupons for customers during special promotions, replacing the use of printed coupons. Over 60,000 coupons were printed annually between 2022 and 2025.

Additionally, Construction Solutions and General Trading has started offering digital invoices to customers at People's Choice counters for those who prefer them, reducing the need for printed invoices.
The accumulation of such measures — digital approvals, digital documents, digital communications — collectively reduces paper procurement, printing, toner cartridge waste, and associated packaging waste across the organization over time.

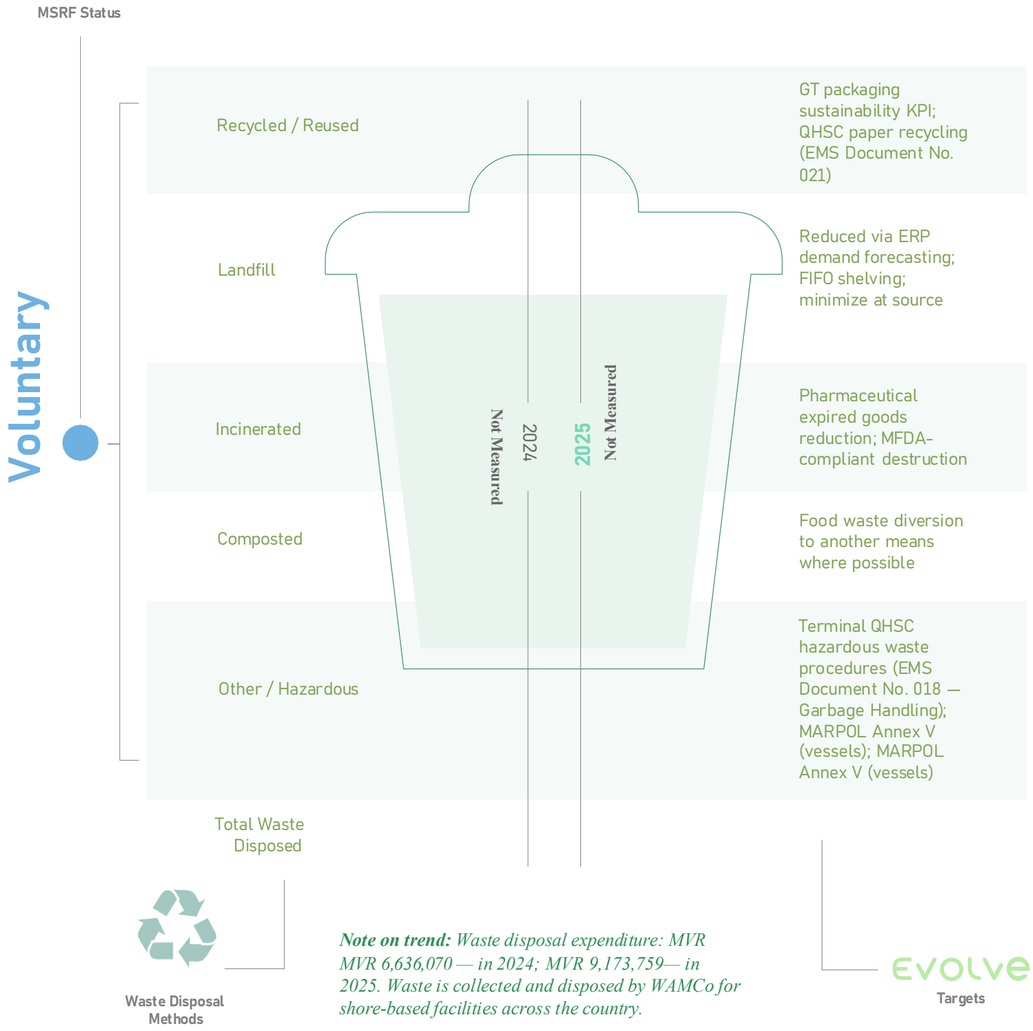
Circular economy initiatives — waste prevention at source:

The most effective waste management is waste never generated.

STO has several active initiatives reducing waste at source:

- **ERP demand forecasting and FIFO shelving:** Automated stock management reduces overstocking and the consequent expiry of perishable goods and pharmaceuticals — the largest identified source of STO's waste by category.
- **Green purchasing policy (QHSC EMS Document No. 017:** Preference for recycled and environmentally friendly products, bulk ordering to reduce packaging, return of packaging to suppliers, and use of reusable items — documented and communicated to all suppliers.

7.5.2 Waste Performance Data



Note on trend: *Waste disposal expenditure: MVR MVR 6,636,070 — in 2024; MVR 9,173,759— in 2025. Waste is collected and disposed by WAMCo for shore-based facilities across the country.*

8. Social Performance

8.1 Human Rights and Fair Labor Practices (MSRF S01, S10, S11, S12)

All four metrics in this section — S01 (Human Rights Policy), S10 (Working Hour Policy), S11 (Anti-Discrimination Policy), and S12 (Fair Compensation Policy) — are Mandatory under MSRF. All four policies apply to 100% of STO's workforce, covering full-time, part-time, and temporary employees across all shore-based operations, and — through the International Maritime Labor Convention 2006 (MLC 2006) — to all seafaring crew aboard STO's owned and operated vessels.

STO's Human Rights Policy is additionally aligned with ISO 26000 (Guidance on Social Responsibility), which provides the international guidance standard referenced by the MSRF for S01, and GRI 2-23 (Policies and Commitments), which governs disclosure of sustainability-related policy commitments.

STO's approach to human rights and fair labour is not built around a single standalone policy document. It is embedded across a suite of interlocking governance instruments — principally the Human Resource Policy, the Code of Conduct, Operation Manuals, the Procurement Policy, and the Know Your Customer Policy. These instruments collectively affirm STO's obligations under three foundational legislative instruments: the Employment Act of the Maldives (Law No. 2/2008); the Human Rights Act of the Maldives; and MLC 2006 governing the rights and working conditions of STO's seafaring workforce. STO additionally follows the Ministry of Economic Development, Transport and Trade, guidelines on human trafficking and labor rights.

Policy Metric	MSRF Status	2024	2025	Coverage	Key Instruments
Human Rights Policy (S01)	Mandatory	YES		100% of workforce	HR Policy; Code of Conduct; Employment Act; Human Rights Act; MLC 2006; UNGPs
Working Hour Policy (S10)					HR Policy; Employment Act; MLC 2006 (vessels); flexible working formalization in progress
Anti-Discrimination Policy (S11)					Anti-Discrimination Policy; HR Policy; Employee Handbook; Gender Equality Procedure; zero incidents confirmed 2025
Fair Compensation Policy (S12)					HR Policy; Employment Act; compensation benchmarking; gender wage ratio 1:1 (2024)

8.1.1 Human Rights Policy (S01) – Mandatory - YES

MSRF S01 requires three distinct elements: a written policy to uphold human rights throughout operations; a human rights due diligence process to identify and address adverse impacts; and an operational-level grievance mechanism to remediate abuses. STO meets all three requirements, as detailed below.

Written Human Rights Policy

STO's human rights commitments span the full range of internationally recognized rights in line with MSRF S01 usage guidance and the UN Guiding Principles on Business and Human Rights (UNGPs):

- Zero tolerance for forced labour, slave labour, and child labour — stated explicitly across STO's human rights framework and HR Policy; STO supports children's rights and the right to education
- Freedom of association — employees have the right to form and participate in representative bodies
- Prohibition of harassment and bullying — no tolerance for any form of harassment in the workplace
- Non-discrimination — a diverse workforce without any form of discrimination based on gender identity, ethnicity, nationality, age, disability, marital status, or social group
- Safe working conditions — governed by the Occupational Health and Safety Policy and the HSSEQ Manual for vessel operations
- Supply chain human rights — all supplier agreements are vetted by the Legal Unit and Procurement Department, incorporating provisions on upholding human rights and responsible sourcing

Human Rights Due Diligence Process

STO's human rights due diligence process operates at two levels. For shore-based operations, the Code of Conduct provides the framework for identifying, preventing, and mitigating human rights risks across operations and supply chains. New supplier onboarding requires review by Procurement Department against human rights and responsible sourcing criteria under the revised Procurement Policy.

Under EVOLVE, human rights criteria are being progressively formalized into the Supplier Screening Policy, with ESG-screened suppliers targeted to reach at least 5% of procurement spend by 2027 — extending due diligence reach systematically across STO's value chain.

For vessel operations, MLC 2006 compliance constitutes the operative human rights due diligence framework for seafarer rights, covering minimum wage, hours of work and rest, accommodation, recreational facilities, food and catering, health protection, medical care, welfare, and social security protection. MLC 2006 compliance is verified through annual ISM audits conducted by flag state authorities and independent class society inspections. In 2025, no MLC violations were identified across STO's vessels, no port state control deficiencies related to crew welfare were recorded, and no seafarer complaints were upheld through the flag state or ITF complaint mechanisms.

Operational-Level Grievance Mechanism

STO operates a four-channel grievance and concern-reporting framework. The total aggregate grievance received from staff - volume across all channels in 2025 was 87. The channel-level breakdown is provided below.

Channel	Description	2025 Received	2025 Resolved	2024 Received	2024 Resolved
Reach MD	Direct reporting to CEO Shimad Ibrahim; not filtered or intermediated	41	38	15	12
Reach HR	Dedicated HR channel for employment-related matters; primary first-line grievance channel. This also includes grievances received from HumanLot	20	20	1	1
Appeal Committee	Internal management committee reviewing HR decision appeals and RTI's *Note: RTI's received have been maintained from 2025 onwards*	5 *2 appeals were submitted outside accepted timeframe	3 * 1 appeal moved forward from 2024	4	4
Staff Grievance received through Whistleblow Channel	Reports to ARC Chairman, CEO, and HR; available to employees and external parties; anonymous reporting permitted	23	20	12	7

8.1.2 Working Hour Policy (S10) – Mandatory - YES

MSRF S10 requires a policy to monitor, evaluate, and ensure appropriate working hours with a functioning compliance monitoring system. STO meets this requirement through the following framework.

Shore-based employees: STO's HR Policy establishes the working hours framework with standard 8-hour shifts; overtime regulated in compliance with the Employment Act of the Maldives; documented operation hours for all offices, sites, and business premises administered by the HR Department in consultation with Heads of other Departments; and attendance and tardiness management procedures. Leave entitlements are applied equitably to all eligible employees and leave records are maintained for each covered employee. Compliance is monitored quarterly by the HR Department. The quarterly monitoring cycle for 2025 identified no working hours violations across STO's shore-based workforce. All overtime was within the limits prescribed by the Employment Act and properly compensated in accordance with the HR Policy.

Vessel crew: For STO's seafaring workforce, working hours are additionally governed by MLC 2006, which mandates minimum hours of rest — not less than 10 hours in any 24-hour period and not less than 77 hours in any 7-day period — and maximum hours of work for seafarers. MLC 2006 hours of rest requirements are monitored through the HSSEQ management system and verified during annual ISM audits and flag state inspections. In 2025, no hours of rest violations were recorded across STO's vessels.

Flexible working: Over 50 employees work on a flexible schedule and over 20 works from home, supporting work-life balance and contributing to the 88% staff satisfaction score in 2025. Formalization of flexible working arrangements — including a structured policy framework and eligibility criteria — is confirmed for 2026.

8.1.3 Anti-Discrimination Policy (S11) – Mandatory - YES

MSRF S11 requires a specific written anti-discrimination policy covering the full range of protected characteristics, with a compliance monitoring system. STO maintains a written Anti-Discrimination Policy, prohibiting discrimination in recruitment, compensation, termination, promotions, and all other conditions of employment on the basis of: age, color, disability, gender expression, gender identity, HIV status, marital status, national, social and ethnic origin, participation in collective bargaining agreements, political opinion, race, religion, and sexual orientation — covering the complete range of characteristics referenced in MSRF S11 usage guidance.

The policy is enforced through the HR Policy and Employee Handbook, with compliance monitored quarterly by the HR Department. Formal complaint records, exit interview data, and the outcomes of the annual staff satisfaction survey are all reviewed as part of the monitoring cycle to identify potential discrimination patterns that may not surface through formal complaint channels alone. Robust processes for monitoring and addressing potential discrimination and harassment are in place.

10 incidents of discrimination were formally reported or identified through monitoring channels in 2025. This figure is based on formal complaint records across all six grievance channels, exit interview data reviewed by the HR Department, and the annual staff satisfaction survey results. All reports were duly reviewed, and the necessary actions were taken in 2025.

The policy is supported by a dedicated Gender Equality Procedure, providing a structured approach to promoting equal opportunities regardless of gender across all levels of employment. Career advancement at STO is merit-based, and no salary discrimination based on gender is permitted or practiced.

8.1.4 Fair Compensation Policy (S12) – Mandatory - YES

MSRF S12 requires a written policy on fair and equitable compensation with a compliance monitoring system and encourages disclosure of how fair compensation is determined. STO's compensation framework is established in the HR Policy and governed by the following principles.

Salary structures and related allowances are based on defined steps, levels, and qualifications, and require Board of Directors approval — ensuring that compensation decisions are not made unilaterally by management. Regular compensation benchmark surveys are conducted to assess how STO's pay practices compare to industry standards, ensuring fairness and competitiveness. Systems are in place to monitor and record employee pay, ensuring all employees receive at least the Maldivian minimum wage. The policy explicitly prohibits age, gender, race, or any other personal characteristic from influencing pay — compensation reflects skills, experience, and the value the employee brings to the organization.

STO was the first company in the Maldives to implement the Government's minimum wage regulation following its introduction by the Ministry of Economic Development, Transport & trade in late 2021
— a concrete demonstration of remuneration leadership and national labor standards responsibility that preceded the regulatory obligation for other employers.
STO reported a 1:1 gender wage ratio in 2025, confirming that for equivalent positions, male and female employees receive equal average compensation. This is a material disclosure under GRI 405-2 and the MSRF gender equity framework.

GRI 2-21 encourages disclosure of the ratio of annual total compensation for the highest-paid individual to the median for all other employees — a metric now standard practice in leading ASEAN sustainability reports and referenced in the WEF Stakeholder Capitalism Metrics under Pay Equality. STO has not disclosed this ratio in the 2025 report. The Board's Nomination and Remuneration Committee (NRC), which is conducting a formal remuneration benchmarking exercise for the Group in 2026, will assess whether a pay ratio disclosure should be introduced from the 2026 Sustainability Report as part of STO's progressive enhancement of remuneration transparency.

Performance evaluations are conducted annually and after probation completion. All evaluation forms for managerial and professional staff recommended for promotion require Management approval. The HR Department maintains confidential employee compensation records.

8.2 Diversity, Equity and Inclusion (MSRF S02–S04)

S02 (Diverse Representation Policy), S03 (Gender Equity Policy), and S04 (Female Board Members) are all Mandatory under MSRF. All three metrics are disclosed below with quantitative data and supporting narrative. EVOLVE's Values-Driven Sustainability principle — one of five core STO values — commits the company to building an inclusive, equitable, diverse organization as a foundation for long-term performance. DEI at STO is not a standalone initiative; it is embedded across the HR policy framework, the Board candidacy and governance structure, the CMDA Corporate Governance Code requirements, and EVOLVE's Value People and Culture pillar.

DEI Metric	MSRF Status	2024	2025
Diverse Representation Policy (S02)	Mandatory	YES	YES Addressed within HR Policy
Gender Equity Policy (S03)		YES	YES Addressed within HR Policy — Partial alignment with the National Gender Equality Action Plan
Female Board Members — No. and % (S04)		1 (14.3%)	**2 (28.6%)**
Female workforce (%)	Voluntary	37.7%	**37.4%**
Women in managerial positions (%)		43%	**44%**
Women in supervisory roles (%)		41%	**39%**
Women in top management (%)		21%	**21%**
Staff with special needs		16	**19**
Gender wage ratio (female: male)		1:1	**1:1**
Maldivian nationals (% of workforce)		80%	**78%**

8.2.1 Diverse Representation Policy (S02) – Mandatory - YES

MSRF S02 requires a written policy on diverse representation covering women, members of historically marginalized groups, gender and sexual minorities, and people living with disabilities — with a compliance monitoring system.

Policy framework and implementation: STO's Diverse Representation Policy is embedded within the HR Policy and Code of Conduct. The policy prohibits discrimination and mandates inclusive practices across recruitment, promotion, and workforce management — covering all categories specified in MSRF S02 usage guidance. In practice, the policy operates through four mechanisms: (a) structured, transparent recruitment processes that require hiring decisions to be made on the basis of skills and qualifications without reference to personal characteristics; (b) equitable access to promotion and career advancement opportunities, with all managerial and professional staff promotions requiring CEO approval to prevent unilateral bias in advancement decisions; (c) mandatory annual declaration of compliance with the Anti-Discrimination Policy by all staff; and (d) quarterly monitoring of workforce composition data by the HR Department.

Management tier definitions: For the purposes of this report and MSRF S02 disclosure, the workforce categories are defined as follows: Top management — EXCO members and direct reports to the CEO with enterprise-wide accountability; Managerial positions — Senior Managers with departmental or functional accountability; Supervisory roles — Team Leaders, Supervisors, and Store Managers with direct line management of employees; All other employees — all remaining workforce categories including operational, technical, administrative, retail, and seafaring staff. These definitions are applied consistently across all years presented.

People with disabilities: STO's commitment to disability inclusion is evidenced by a sustained and growing count of staff with special needs, reflecting deliberate inclusive hiring practices. STO provides reasonable workplace accommodation for staff with special needs, including adapted workstations, modified duties where required, and flexible scheduling arrangements. For the people with disabilities to not feel segregated from other employees their onboarding is treated the same as normal recruitment. They receive a special orientation on their date of hire where in the case of greater Male' region a recruitment employee joins the people with disability staff on their first visit to their worksite to ensure that a work buddy is assigned and the staff is made aware of all the facilities at the worksite. For hires in other islands a special orientation is given on the first date via call to ensure the same process.

Nationality diversity: STO's workforce includes both Maldivian nationals and expatriate employees across operational, technical, and specialist roles. Hiring decisions are made on the basis of skills and qualifications, with the HR Policy requiring that recruitment practices are fair, transparent, and applied equitably regardless of national or social origin. 78% of the current workforce represent Maldivian nationals, while 13% represent Bangladeshi nationals, 7% represents Indian nationals, 1% represent Sri Lankan nationals and 1% represents Filipino and Indonesian nationals.

Awareness and culture: Beyond policy compliance, STO actively commemorates diversity and inclusion awareness events throughout the year —International Women's Day, World Mental Health Day, and the National Day for Violence Against Women. These events are used to raise awareness and reinforce inclusive values. The improved staff satisfaction score of 88% in 2025 provides strong qualitative evidence that STO's inclusive culture is genuinely experienced positively by the workforce, rather than merely articulated in policy.

Compliance monitoring: Diversity representation data is tracked annually by the HR Department through the HR management system, 'HumanLot', which serves as the Company's centralized digital platform for managing employee data, workforce analytics, and reporting. The system enables accurate tracking of demographic indicators, supports data-driven decision-making, and enhances the reliability of internal monitoring and external ESG disclosures.

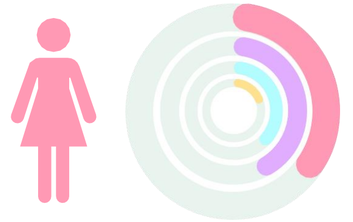
8.2.2 Gender Equity Policy (S03) – Mandatory - YES

MSRF S03 requires a written policy on gender equity with a compliance monitoring system, aligned with the Maldives Integrated National Financing Framework (INFF), the Gender and Equality Action Plan, and the Strategic Action Plan.

Policy and procedure: STO has a written Gender Equity Policy and a Gender Equality Procedure, which provides a structured framework for promoting equal opportunities regardless of gender across all levels of employment. The policy and procedure govern equal access to recruitment, promotion, and career advancement; prohibition of gender-based pay discrimination; monitoring of female representation across management tiers; and compliance with the Employment Act of the Maldives (Law No. 2/2008) and the Anti-Discrimination provisions.

Partial alignment with national policy framework — explained: MSRF S03 specifically references the Maldives Gender and Equality Action Plan and the INFF as the national policy anchors for this metric. STO's Gender Equity Policy is aligned with the broad principles of these instruments — equal opportunity, prohibition of gender discrimination, monitoring of female representation. However, full alignment with the Gender and Equality Action Plan requires adoption of the plan's specific quantitative targets, a structured implementation timeline mapped to the plan's indicators, and formal monitoring and reporting against the plan's framework. This level of structured alignment has not yet been completed. The gap is therefore one of implementation depth and formal mapping rather than of principle. Full alignment — including adoption of the plan's specific targets into STO's DEI programme — is a confirmed EVOLVE Value People pillar commitment targeted for completion in 2026-2030.

Gender wage equity: STO reported a 1:1 gender wage ratio in 2025 — equal average compensation for male and female employees in equivalent positions. This is confirmed through the annual compensation review conducted by the HR Department. No gender-based pay discrimination is permitted or practiced. The 1:1 ratio applies at the organizational level; position-category disaggregation — as required by GRI 405-2 — is identified as a 2026 data improvement priority.



Female workforce representation — trend and analysis:

Level	2024	2025
Total workforce	38%	**37%**
Managerial positions	43%	**44%**
Supervisory roles	41%	**39%**
Top management	21%	**21%**

STO's female workforce data for 2024 and 2025 presents a nuanced picture across different levels of the organization, highlighting areas of meaningful progress alongside challenges that require continued strategic focus.

At the total workforce level, female representation remained broadly stable, holding at 38% in 2024 before a slight dip to 37% in 2025. While the one-percentage-point decline is modest, it reinforces the need for sustained recruitment and retention efforts to reverse this trend and move toward STO's EVOLVE target of achieving at least 40% female workforce representation by 2030.

At the managerial level, female representation recorded a positive year-on-year improvement, increasing from 43% in 2024 to 44% in 2025. This upward movement reflects the effectiveness of STO's merit-based advancement practices and gender equity framework in strengthening female presence within the mid-tier leadership layer — an encouraging sign for the broader leadership pipeline.

Supervisory roles, however, moved in the opposite direction, declining from 41% in 2024 to 39% in 2025. This two-percentage-point drop is notable and suggests a potential structural gap in the pipeline at this level. Targeted interventions — such as leadership readiness programmes, structured mentoring, and supervisory-level succession planning are planned to mitigate this trend.

While female representation at the top management level has held at 21% in both 2024 and 2025, this period of consolidation provides a stable foundation from which meaningful progress can be built. STO's growing pipeline of women in managerial roles — now at 44% in 2025 — signals that the talent and capability required to drive stronger top management representation is actively developing within the organization. With deliberate succession planning, executive sponsorship, and continued investment in leadership development, STO is well-positioned to translate this pipeline strength into senior leadership gains in the coming years. The target of achieving at least 2 female Board representation by 2025 reflects the organization's clear ambition, and the groundwork being laid today through the EVOLVE 2026–2030 strategy provides a credible pathway toward achieving more balanced and inclusive leadership at the highest levels.

EVOLVE DEI targets:

- ≥40% women in the total workforce by 2030
- Maintain 2 or more female Board representation through out 2026-2030
- Full alignment with the National Gender and Equality Action Plan by 2026

8.2.3 Female Board Members (S04) – Mandatory - YES

MSRF S04 requires disclosure of the number and percentage of female members of the Board of Directors as at the end of the reporting period.

As at 31 December 2025, STO's Board of Directors comprised 7 members, of whom 2 are female — Reesha Abdul Munnim and Aishath Fazeena — representing 28.6% of the Board. Aishath Fazeena was appointed in March 2025, increasing female Board representation from 14.3% (1 of 7) in 2024 to 28.6% (2 of 7) at year-end 2025.

Historical Progression

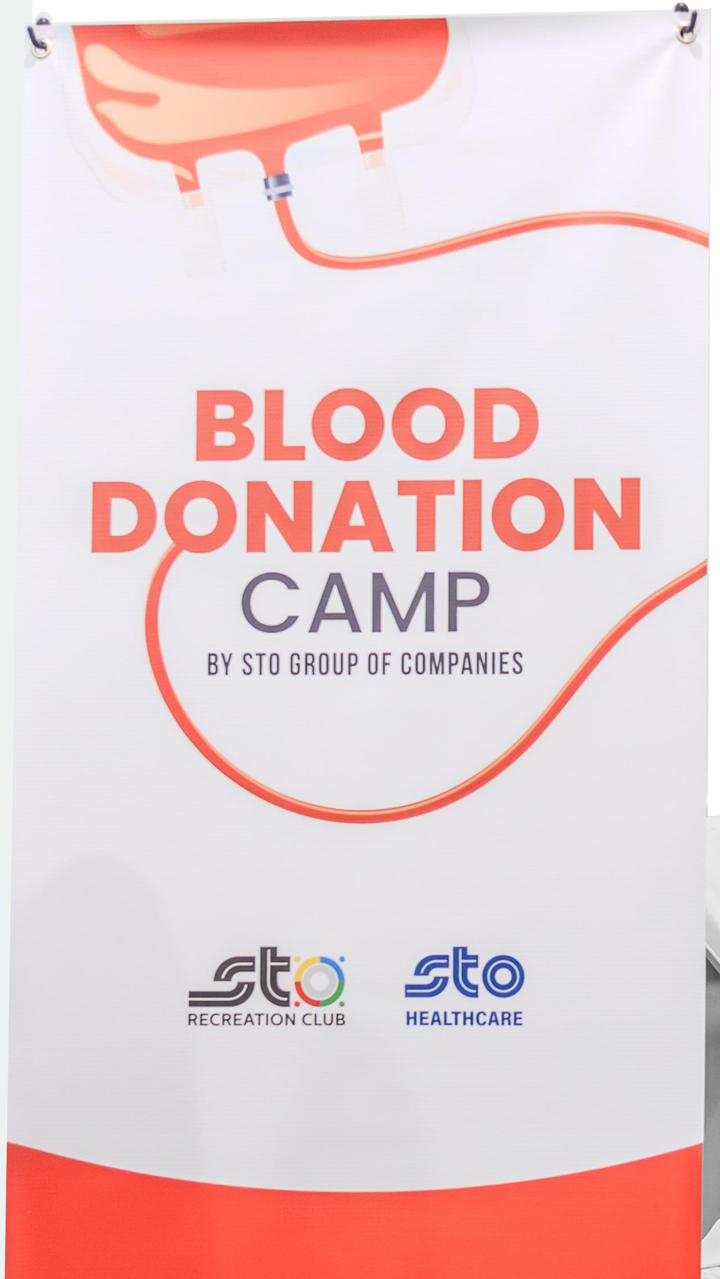
CMDA Corporate Governance Code compliance: The CMDA CG Code requires a minimum of 2 female directors on listed company boards. In 2024, STO had only 1 female director — below the CMDA minimum. This gap was formally rectified during 2025 and is disclosed transparently.

Board Candidacy Policy and diversity governance: STO's Board Candidacy Policy governs the criteria and process for nominating and electing Board members. The policy requires the NRC to consider the Board's overall balance of diversity — including age, gender, perspectives, background, and experience — when assessing candidates for future Board appointments. Board members are elected at the Annual General Meeting by shareholders. The Candidacy Policy therefore creates a governance mechanism through which gender diversity is a formal factor in Board composition decisions, not an incidental outcome.

Why Board gender diversity matters for STO specifically: Female Board representation at STO carries significance beyond regulatory compliance. STO serves every atoll and household in the Maldives — its decisions on food security, medicine access, energy distribution, and community investment affect the full population. A Board that reflects the diversity of the communities it serves is structurally better positioned to make decisions that address the needs of those communities.

8.3 Employee Health, Safety and Well-being (MSRF S05, S06, S13)

S05 (Occupational Injuries), S06 (Worker Safety Policy), and S13 (Sexual Harassment Policy) are all Mandatory under MSRF. Worker safety is a strategic non-negotiable across all EVOLVE segments. The HSE and ESG Compliance KPI — tracking the percentage of applicable HSE and ESG requirements met — is an enterprise-level KPI embedded in the performance scorecards for Energy, General Trading, Healthcare Solutions, Projects & Assets, Construction Solutions, and Logistics segments. Safety incidents in Energy and Construction Solutions are explicitly listed as material risks in EVOLVE's risk framework, and HSE compliance failure triggers mandatory Board escalation under EVOLVE's governance framework.



Safety Metric	MSRF Status	2024	2025
Occupational Injuries — Number (S05)	Mandatory	2	4
Worker Safety Policy (S06)		YES	YES Enhanced in 2025
Sexual Harassment Prevention Policy (S13)		YES	YES

8.3.1 Occupational Injuries (S05) – Mandatory - YES

MSRF S05 requires disclosure of the number of occupational injuries affecting full-time, part-time, and temporary employees during the reporting period.

Injury Data

Safety Metric	2024	2025
Occupational injuries — number	1	4
Total workforce — approximate headcount	2,370	2,500
Total working hours (estimated)	5.52	5.44
Near misses	Not recorded	Not recorded
Fatalities	0	0

In 2024, STO recorded 1 occupational injuries from approximately 2,370 employees, representing 0.08% of the total headcount. Root cause analysis was conducted for each incident, and corrective actions were implemented to prevent recurrence.

In 2025, 4 occupational injuries were recorded across a shore-based workforce of approximately 2,500 employees, representing 0.16% of the total headcount. Root cause analyses were conducted for all four incidents and corrective measures have been implemented. The nature of each injury, root cause findings, and corrective actions taken are documented in the incident reporting system. Zero fatalities were recorded in either 2024 or 2025.

The upward trend in recorded injuries in 2025 is noted. STO does not interpret this solely as a deterioration in safety performance — improvements in incident reporting culture, awareness programmes, and the formalization of the Health and Safety Committee may have contributed to more complete capture of recordable events. Nevertheless, the absolute target under EVOLVE remains zero serious injuries, and the HSE & ESG Compliance KPI is tracked across all segments with material failure triggering mandatory Board escalation.

Vessel crew injury data is additionally tracked through the HSSEQ management system in accordance with OCIMF and ISGOTT incident classification guidelines.

8.3.2 Worker Safety Policy (S06) – Mandatory – Status: YES

MSRF S06 requires a policy to monitor, evaluate, and ensure worker safety with a functioning compliance monitoring system. STO has a substantially enhanced worker safety framework in 2025, governing both shore-based and maritime operations.

Health and Safety Management System (HSMS)

The 2025 Occupational Safety and Health Policy supersede POL/2024/1 and establishes STO's Health and Safety Management System (HSMS) as the structured governance framework for all operations. The Policy was developed in compliance with the Occupational Health and Safety Act of Maldives (Law No. 2/2024) and is aligned with ISO 45001 (Occupational Health and Safety Management Systems), drawing upon ILO and WHO standards.

Key provisions of Occupational Safety and Health Policy:

- **Risk assessment and management:** Regular and comprehensive risk assessments across all departments; hazard elimination, risk minimization, and control measures applied in order of priority; continuous monitoring and review cycle; all assessments documented and retained
- **Health and Safety Committee:** A dedicated management committee comprising senior representatives from various departments, chaired by the Head of Projects & Assets Department. The committee met once in 2025. Its responsibilities include policy oversight; monitoring and evaluation of OSH performance across all segments; resource allocation for safety improvements; and stakeholder engagement on health and safety matters.
- **Accident and incident reporting:** Clear and accessible reporting systems are in place; thorough investigation of all incidents to determine root causes are conducted; maintenance of records for continuous learning; near-miss reporting actively encouraged as a leading safety indicator.
- **Emergency response planning:** Comprehensive emergency response plans maintained for fires, chemical spills, natural disasters, and medical emergencies; regular drills and simulations conducted. In 2025, emergency response drills were conducted across STO's operational sites, including 1 fire drills, chemical spill simulations, medical emergency exercises and 1 security training where a total of more than 400 staff participated.
- **Health and safety training:** Regular training tailored to specific roles and risk profiles; training updated to incorporate new laws, regulations, and lessons learned from incidents. In 2025, 260 employees received OSH-specific training covering First Aid & Fire Awareness training, Security training with First Aid, manual handling, hazardous materials, emergency response, etc. totaling 1776 training hours. This is disclosed separately from the general training data in Section 8.4 in accordance with GRI 403-5.
- **Workplace injury compensation and insurance:** Comprehensive insurance coverage maintained for all employees; compensation provided for employees injured in the course of duty in accordance with applicable laws and Staff Welfare Policy; insurance coverage reviewed annually.
- **Biennial external OSH audit:** The OSH policy requires biennial external audits to assess HSMS effectiveness and recommend improvements. Given the Policy was adopted in November 2025, the first external OSH audit has not yet been conducted. The first external audit is scheduled for no later than November 2027 per biennial requirement.

Maritime Safety Framework — Vessel Operations

For STO's maritime workforce, worker safety is governed by additional and comprehensive suite of mandatory international standards, supplemented by STO's own Board-approved policies:

ISM Code and Safety Management System: STO's Safety Management System (SMS) is documented in the HSSEQ Manual and implemented according to the ISM Code requirements across all foreign-going vessels. The Designated Person Ashore (DPA) identified as the point of contact for safety escalation from any vessel at any time, providing an accessible human escalation path above the shipboard chain of command. Annual ISM audits were conducted on all vessels in 2025. Zero non-conformities in 2025. Eight observations, corrected by end of year.

Safety and Health Policy (STO Logistics Policy 04): Commits to safety as the overriding consideration in all activities; ISM Code compliance; OCIMF guidelines; STCW; Class and Flag State requirements; and continuous improvement in safety performance.

Stop Work Authority (SWA) Policy (STO Logistics Policy 06): Empowers any crew member — regardless of rank — to stop work immediately if they identify an imminent risk to safety, health, or the environment, without fear of reprisal. The SWA escalation path is to notify supervisor or officer in charge, if uncomfortable escalate to Master or Chief Engineer and as a last resort directly to DPA. Work may only resume when the hazard is eliminated or adequately controlled. In 2025, Zero SWA activations were recorded across the fleet. This metric is a positive indicator of safety culture — SWA activations represent employees exercising their right to protect life, and the number of activations should be disclosed without stigma.

Drug and Alcohol Policy (STO Logistics Policy 03): Zero blood alcohol concentration (BAC) on board; zero tolerance for illicit drugs; pre-employment testing and random testing (minimum once per year per crew member); education and training on substance misuse risks. In 2025, 79 tests were conducted. Zero policy breaches were identified and handled in accordance with the disciplinary framework.

Standards of Training, Certification and Watchkeeping (STCW): All officers and crew hold valid STCW certificates. Fitness for duty requirements are enforced in accordance with STCW A-VIII/1.10. In 2025, firefighting and accident response training was renewed for Funadhoo terminal staff. Maritime training is tracked through the HSSEQ system.

Maritime Labor Convention (MLC 2006): Crew medical examinations, health protection, and welfare provision maintained in full compliance. No MLC violations were identified in 2025 through ISM audits, flag state inspections, or port state control inspections. No seafarer complaints were upheld through external mechanisms.

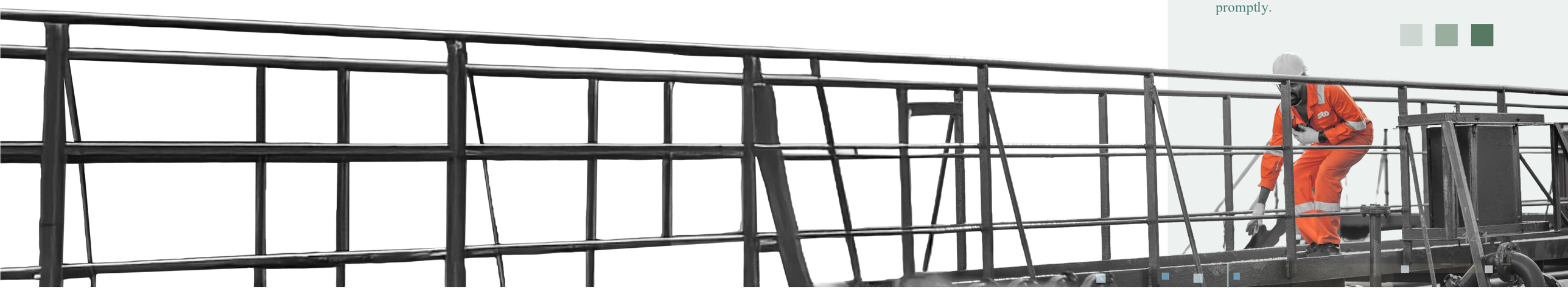
Port State Control: No port state control inspections were conducted across the fleet in 2025. Therefore, no detentions were recorded.

8.3.3 Sexual Harassment Prevention Policy (S13) – Mandatory - YES

MSRF S13 requires a written policy to combat and prevent sexual harassment with a compliance monitoring system, covering reporting processes, investigation procedures, victim support, training, disciplinary measures, and regular policy reviews.

Policy and governance: STO has a written Sexual Harassment Prevention Policy and an established Sexual Harassment Prevention and Gender Equality Committee — a dedicated governance body that reinforces workplace protections, advocates for gender equality, and ensures that every employee feels safe, respected, and valued.

Reporting process: Sexual harassment incidents can be reported by submitting the Sexual Harassment Reporting Form available on the intranet directly to the Director of Human Resources, or by submitting a complaint in writing directly to the Director of Human Resources. Confidentiality is always maintained, and all reports are taken seriously and acted upon promptly.



Victim support: Support mechanisms include confidential HR assistance; access to psychological consultancy services through the comprehensive employee health and life insurance coverage (which includes psychological consultancy for both employees and dependents); and advocacy support through the Sexual Harassment Prevention and Gender Equality Committee.

Training: Regular awareness sessions are conducted across STO's sites to educate employees on sexual harassment prevention. Sexual harassment prevention training is embedded in the annual governance and compliance training programme. A total of 3 training sessions were conducted in 2025, with 74 employees receiving training.

Disciplinary measures: Disciplinary measures for perpetrators are firm and consistent. The HR Policy, Code of Conduct, Employee Handbook, and Employment Act (2/2008) govern the disciplinary process, with disciplinary decisions made by Management. The scale of disciplinary response is proportionate to the severity of the conduct.

2024 & 2025

1

- Case reported
- Case investigated and closed

0

- Cases upheld
- Disciplinary actions taken
- Cases resulting in systemic process change

8.3.4 Employee Well-being — Performance and Beyond MSRF Metrics

STO's commitment to employee well-being is evidenced not only by policy frameworks but by measurable outcomes. The annual staff satisfaction survey returned to a score of 83% in 2024 and 88% in 2025, exceeding the EVOLVE 2030 target set as a Board-level enterprise KPI. This sustained result reflects the cumulative effect of STO's well-being investments and is a leading indicator of workforce engagement, retention, and organizational health.

Investigation procedures and case data:

In 2024, 1 sexual harassment case was reported, investigated, and closed. In 2025, 1 sexual harassment case was reported, investigated, and closed. All cases were handled through structured investigation processes with the outcomes documented.

Employee Well-being — Programmes and Benefits (GRI 403-6)

STO was recognized with the "Excellence in Employee Wellness & Well-being" award at the MAHRP HR Excellence Awards 2024 — a recognition that reflects the cumulative effect of a well-being framework that goes substantially beyond statutory minimums across health, mental well-being, family support, and workplace culture.

Health and Insurance Coverage
All STO employees are covered by a comprehensive health and life insurance package, extended to dependents and parents, and including access to psychological counselling services. Health screening programmes — including cancer screening and eye care — were conducted during the year. Counselling remains accessible to all staff through their insurance coverage at any time, not only in crisis situations.

Leave Provisions
STO's leave framework is deliberately designed to support employees through life's most demanding moments. Maternity leave provides six months (180 days) for birth mothers — 122 requests were approved in 2025. Paternity leave provides 30 days for fathers — 64 requests were approved in 2025. Both are administered through the HumanLot portal. Beyond parental leave, employees facing critical health circumstances — including cancer care, organ transplants, High-Risk Pregnancies, and IVF treatments — are eligible for special leave of up to four months, a provision that significantly exceeds what the Employment Act requires. Mental well-being leave was introduced in 2025 as a further support measure, recognizing that recovery from mental health challenges deserves the same institutional recognition as physical illness.

Flexible Working
Over 20 employees currently utilize work-from-home arrangements. Formalization of flexible working policies — including structured eligibility criteria and a policy framework — is a confirmed 2025 EVOLVE "Value People" priority.

Recreation, Recognition, And Community
The STO Recreation Club (STORC), governed by the Recreation Policy, conducted 24 activities in 2025. A new gym facility with an improved environment was opened during the year, providing a dedicated space for physical well-being. The Staff Privilege Programme maintains partnerships with 16 organizations, giving employees access to discounts and priority services.

STO Staff Awards
The STO Staff Awards recognized 114 employees across 9 categories in 2025, celebrating excellence and outstanding contributions across the organization.

Family And Community Support
The daycare assistance programme supports employees balancing work and parenthood, with over 39 employees benefiting from financial assistance for daycare enrolment in 2025.

8.4 Training and Capacity Building (MSRF S07–S09)

S07 (Employees Trained), S08 (Employee Training Hours), and S09 (Employee Training Costs) are all Mandatory under MSRF.

Training and capacity building is governed by EVOLVE's Value People and Culture pillar, which identifies talent development, succession readiness, and capability uplift as foundations of STO's long-term performance and a direct enabler of the enterprise's ESG ambitions.

Training Metric	MSRF Status	2024	2025	2030 Target
Employees Trained — Number (S07)	Mandatory	763	1,717	≥50% of workforce annually by 2030
Total Training Hours (S08)		24,218	37,297	Increase year-on-year
Training Expenditure (S09) — MVR		MVR 10.2m	MVR 14.9m	Increase year-on-year
Employees Trained — % of workforce	Voluntary	33%	69%	35% in 2025; rising annually – target exceeded
Average training hours per employee trained		31.7hrs	20.03hrs	To be established as baseline
Cost per employee trained — MVR		MVR 13,370	MVR 8,692	Improve efficiency year-on-year
FTE-specific training hours		1,264	1,776	Disclose from 2026
Director training programmes completed		12	10	Sustained; ESG and AI priority for 2026

8.4.1 Employees Trained (S07) – Mandatory - YES

MSRF S07 requires disclosure of the number of individual employees who receive training of any type during the reporting period, covering full-time, part-time, and temporary employees across both internal and external programmes. An individual trained multiple times in the period is counted once in the headcount figure.

In 2025, 1717 employees received training — a 125% increase from 763 in 2024. This represents 69% of the workforce, against a 2025 EVOLVE target of 35%. The strong growth in employees reached reflects the deliberate rollout of digital learning platforms and the expansion of the internal learning management system (LMS), which enabled self-directed access to training at a scale not achievable through classroom delivery alone.

Training in 2024 and 2025 covered all four categories specified in MSRF S07 usage guidance:

- **Skills-based training for core job responsibilities**: Job-specific technical and operational skills across all departments; role-related professional development programmes; maritime and vessel operations training under STCW and ISM Code requirements.
- **Cross-functional skills training:** Leadership development programmes; competency-based development under the Talent Management Procedure; cross-segment capability building to support EVOLVE's operational integration priorities.
- **Literacy, communications, and life skills:** Wellness programmes; stress relief, anger management, and time management sessions; health screening and awareness programmes; knowledge-sharing sessions.
- **Diversity, inclusion, and compliance training:** Code of Ethics and Compliance sessions (550+ staff reached in 2023 across 5 sessions); sexual harassment prevention awareness; anti-bribery and anti-corruption training.

Methodology note: Employees trained are counted as the number of individual employees who received at least one training service of any type during the reporting period, whether internally or externally delivered. Training is tracked via the HR system and internal LMS. Director-level training is tracked separately through the Director Training Register — the 10 programmes completed by directors in 2025 are excluded from the S07 employee headcount.

8.4.2 Employee Training Hours (S08) – Mandatory - YES

MSRF S08 requires disclosure of the total sum of all training hours provided to employees during the reporting period. This is the total hours across all programmes, not an average per employee.

In 2025, STO delivered 37,297 total training hours, a significant increase from 24,218 hours in 2024, reflecting a strong commitment to workforce capability development. This upward trend indicates enhanced investment in employee learning and capacity building, aligned with strengthening organizational performance and supporting strategic priorities.

Training hours by type:

Training Type	2024	2025
Internal training programmes	2,624	5,922
External courses and professional development	1,160	5,504
Digital platform learning (Udemy, Coursera, Ninjio)	2,336	1,530
Awareness and compliance sessions	832	2,112
OSH-specific training	1,264	1,776
Vessel and maritime compliance training (STCW, ISM, MLC)	136	1,880
ESG and sustainability training	32	65
TOTAL	24,218	**37,297**

The disaggregation by training type is introduced in 2025 as a data improvement consistent with GRI 404-1, which also requires average hours of training per year per employee by gender and employee category

8.4.3 Employee Training Costs (S09) – Mandatory - YES

MSRF S09 requires disclosure of the total value of costs incurred for employee training during the reporting period in Maldivian Rufiyaa. Salary and payroll costs incurred during training hours are excluded per MSRF S09 usage guidance.

In 2025, STO invested MVR 14,923,770 in employee training, representing an increase of approximately MVR 4.2 million compared to 2024, demonstrating a strengthened commitment to workforce development and capability enhancement.

Training expenditure covers external course fees and professional certification costs; digital platform subscriptions (Udemy, Coursera, Ninjio); costs of internal programme delivery including facilitators, materials, and venue; study assistance and scholarship support; and other direct training expenditures.

8.4.4 Training Governance Framework

Training and capacity building at STO is governed by an interlocking framework of policy, procedure, and strategic commitment — not a single document.

- **Learning and Development Policy** is the foundational policy instrument governing STO's approach to training. It requires an annual staff training and development plan to be produced in consultation with all Heads of Department, with identified learning needs, costs, and justification. The budget must be approved by the Board of Directors, embedding training investment as a Board-level governance matter rather than a discretionary management decision. The HR Department is centrally responsible for administering all centrally funded programmes and for evaluating their cost-effectiveness and organizational benefit.
- **Performance Management Policy** provides the link between training and performance. Annual performance evaluations — conducted by immediate supervisors, identify individual development priorities and feed directly into the learning and development planning cycle.
- **Talent Management Procedure** operationalizes the talent and succession dimensions of the training framework across four areas:

◊ Workforce planning and succession planning: Using the 9 Grid Box Performance-Potential matrix to identify high performers, succession candidates, and development priorities across STO's leadership pipeline. Each employee is mapped against both current performance and future potential, and a learning and development plan is drafted with reference to the results obtained.

◊ Competency evaluation: A three-way assessment process comprising self-review, peer evaluation, and supervisor evaluation, ensuring balanced and multi-perspective development insights. Knowledge transfer to successors is explicitly embedded in this process.

◊ Mandatory learning requirement for succession pool: Key position holders and succession candidates are required to complete 120 hours of structured learning and development per year — a meaningful baseline ensuring STO's most critical talent pipeline receives consistent and documented development investment.

◊ Mentoring programme: Connects emerging leaders with experienced mentors to accelerate capability development and organizational knowledge transfer. A separate mentoring agreement governs each pairing, specifying goals, meeting frequency, and confidentiality obligations.

EVOLVE 2026–2030 — Value People & Culture Pillar provides the strategic mandate within which all of the above operates. EVOLVE sets two enterprise-level Board KPIs directly linked to training outcomes: the High-Performer Retention Rate (target ≥95% by 2030) and the Staff Satisfaction Score (target ≥87% by 2030). Talent development, succession readiness, and capability uplift are explicitly identified as foundations of STO's long-term performance. ESG and governance training is additionally embedded as a tracked metric per FTE per year under EVOLVE — meaning training governance extends beyond technical and operational skills to the sustainability literacy of the entire workforce.

Digital learning and awareness platforms — including Udemy, Coursera, and Ninjio — are made available to employees upon request, supplementing classroom and structured programmes with self-directed, always-on learning access. These platforms are tracked through the internal Learning Management System (LMS), which enables monitoring of completion, hours, and programme type across the workforce.

8.5 Community Engagement and Social Responsibility

Community engagement at STO is not a discretionary activity — it is a structural expression of the company's national mandate. As the primary importer and distributor of essential goods across the Maldivian archipelago, STO's commercial operations are intrinsically linked to community welfare. Every pharmaceutical shipment reaching a health centre, every fuel delivery keeping an atoll power plant running, and every food consignment arriving on a remote island is simultaneously a commercial activity and a community service. Social responsibility is therefore embedded in the business model, not appended to it as a separate programme. This understanding shapes the scale, geography, and nature of STO's community investment.

8.5.1 Governance Framework

STO's community engagement programme is governed by four interlocking policies and procedure instruments; all subject to the same anti-corruption controls as every other category of company expenditure.

The distinction between donations, CSR activities, and sponsorships is not cosmetic — it is a deliberate structural separation that ensures different types of community engagement are evaluated against the right criteria, with the right approvals, and with appropriate accountability mechanisms. The two channels work in parallel and are often complementary: a CSR initiative may be co-funded through both a CSR grant and a sponsorship arrangement with the same community partner.

- Donation and CSR Policy — the foundational CSR policy instrument. It commits STO to conduct sustainable business in a socially and environmentally responsible manner, with community activities focused on education, skill building for livelihoods, health, culture, and social welfare. It requires STO to prioritize disadvantaged areas and groups, to partner with government authorities and civil society where appropriate, and to disseminate information on CSR activities and outcomes transparently to all stakeholders.

- Donation and CSR Procedure — operationalizes the CSR Policy across both STO-initiated activities and external requests for donation or CSR support. All external requests are assessed by HOD of the Corporate Marketing Communications in consultation with the CEO . Approved requests are actioned within seven working days. The procedure requires that past records with applicant organizations are reviewed, and that priority is given to initiatives with the broadest socioeconomic benefit.

- Sponsor Policy — a distinct Board-approved policy governing STO's sponsorship programme. Sponsorship is defined as partnering with external organizations to deliver mutual benefits through an exchange of monies, products, services, content, or other intellectual property. While the CSR Policy focuses on charitable and social impact, the Sponsor Policy is explicitly dual-purpose: it aims to create community benefit while also increasing brand awareness, reaching new target markets, improving STO's image, and building stakeholder relationships. STO's sponsorship mission spans four areas — society, market, staff, and environment — and the principles underpinning all sponsorship decisions include: compliance with all applicable laws and regulations; adherence to corporate governance practices based on transparency and trust; respect for human rights; promotion of equal opportunity and non-discrimination; responsible practices with suppliers and customers; promotion of respect for the natural environment; and rejection of corrupt practices. No sponsorship may be offered without prior written consent from a duly authorized person, and all use of STO's trademarks must be formally authorized. At the conclusion of each sponsorship, the recipient must submit a written report covering financial performance and discharge of obligations.

- Sponsor Procedure — operationalizes the Sponsor Policy for both STO-initiated sponsorships and external sponsorship requests. External requests are received and assessed by the HOD of Corporate Marketing Communications in consultation with the CEO and actioned within seven working day of approval. A critical procedural requirement distinguishes sponsorships from smaller donations: all sponsorships above MVR 100,000 require a formal documented sponsorship agreement. This requirement explains why STO's quarterly reports provide detailed disclosure of major sponsorships above this threshold — these are not merely gifts but contractual commitments with documented deliverables, reporting obligations, and accountability on both sides.

- Anti-Bribery Procedure — applies to all community expenditure channels. It specifically governs donations and sponsorships to prevent charitable or commercial giving from being used as a vehicle for improper influence. All community investment decisions — whether CSR donations or commercial sponsorships — are transparent, policy-governed, and subject to STO's zero-tolerance anti-corruption framework.

This four-instrument governance structure means that STO's total community financial engagement of MVR 12.5 million in 2025 was not disbursed as a single undifferentiated budget — it was channelled through two distinct governance streams, each with its own policy rationale, approval process, eligibility criteria, and accountability mechanism. The CSR and Donation stream governs charitable and social impact activities; the Sponsorship stream governs commercial partnerships that also deliver community benefit. Together, they constitute STO's complete community engagement framework.

8.5.2 Strategic Framework — EVOLVE and SDG Alignment

Under EVOLVE 2026–2030, community engagement is formalized as a measured performance commitment. The EVOLVE KPI includes a CSR Reach metric: at least 80% of atolls or beneficiaries covered by CSR activities annually from 2026. In 2025, STO reached communities across 18 of 20 administrative atolls — 90% coverage.

All 2025 community activities were aligned with three primary UN Sustainable Development Goals:

- **SDG 3 (Good Health and Well-being)** — health camps, medical facility support, expanded specialist care access including Trauma and Orthopedic Surgery at Lhaviyani Atoll Hospital, mental health support, preventive cardiovascular health awareness and support for healthcare professional development.
- **SDG 4 (Quality Education)** — school infrastructure across multiple atolls, digital learning equipment provided to 16+ academic institutions, academic sponsorships, the Young Entrepreneur Fair, youth training sessions with Youth Associations, and the Vara Expo 2025 skills exhibition.
- **SDG 11 (Sustainable Cities and Communities)** — island infrastructure support spanning parks, recreational centers, gyms, mosques, multipurpose halls, and beach areas across 34+ named island communities in all administrative zones.

Beyond these three primary SDGs, 2025 activities also contributed to SDG 10 (Reduced Inequalities) through migrant worker welfare via the Mission for Migrant Workers iftar initiative; SDG 13 (Climate Action) through environmental cleaning and the Youth Empowerment Society hydroponic farming project; SDG 5 (Gender Equality) through sponsorships supporting women's welfare organizations including Mom's Aid; and SDG 16 (Peace, Justice and Strong Institutions) and SDG 17 (Partnerships for the Goals) through institutional capacity investments including the Maldives Accountants Forum, the Maldives–Singapore Business Forum, and Fisherman's Day 2025.

8.5.4 Forward Commitments under EVOLVE

Commitment	Target	Timeline
CSR Reach KPI — ≥80% of atolls or beneficiaries covered by CSR activities annually	≥80% (90% achieved in 2025)	**Mandatory from 2026 under EVOLVE**
Formalise CSR impact measurement — move beyond expenditure and activity counts to beneficiary and outcome data	Baseline framework established	**2026**
Introduce SDG mapping to all CSR and sponsorship expenditure decisions at point of approval	100% of material activities mapped at approval stage	**70 islands**
Publish disaggregated CSR data by atoll annually — enabling stakeholders to verify geographic reach against EVOLVE target	Annual atoll-level disclosure	**From 2026 Sustainability Report**
Expand community-driven sustainability projects — shifting from donations and sponsorships toward co-designed environmental and social programmes with island communities	At least 3 community-driven sustainability projects per year	**From 2026**

8.5.3 Community Investment — 2025 Performance

CSR Metric	2024	2025
Total community investment (MVR)	MVR 10.9 million	**MVR 12.5 million**
Administrative atolls covered	16 of 20 (80%)	**18 of 20 (90%)**
Community touchpoints	55 islands	**70 islands**
Major programmes (>MVR 100,000)	MVR 6.1 million — 15 activities	**MVR 5.3 million — 19 activities**
Estimated beneficiaries reached	193+	**300+**

The MVR 12.5 million total reflects a shift in the composition of investment — a higher proportion of 2025 activities were delivered as in-kind contributions, infrastructure materials, and equipment provision rather than cash grants, which carry higher reported values. The 300+ beneficiaries reached and 70 community touchpoints across 18 atolls demonstrate the breadth and depth of engagement in absolute terms.

9. Governance and Ethics

Governance is the architecture of accountability. At STO, it is the mechanism through which every commitment made in this Sustainability Report — on climate, on people, on integrity — is owned, monitored, and enforced. The four principles that anchor governance across the Group are not aspirational: *Accountability, Transparency, Integrity, and Fairness* are embedded in Board charters, committee mandates, management scorecards, and individual performance gates.

This section reports on all seven MSRF Governance metrics (G01–G07), against STO's governance framework, including alignment with the EVOLVE Strategic Business Plan 2026–2030, and relevant national frameworks.

EVOLVE Pillar 6 — *Empower Sustainability & Governance:* "Embed ESG and governance as decision criteria, not parallel initiatives. Governance integrity overrides all growth considerations."

Ownership and Shareholder Structure

As at 31 December 2025, STO's issued share capital was held across two categories of shareholder. The Government of the Maldives retained its majority position with 919,869 shares (81.6%), reflecting STO's enduring mandate as the nation's principal importer and distributor of essential commodities. Public shareholders held 207,041 shares (18.3%), representing an investor base of over 4,000 individuals.

Directors held 255 shares in aggregate (0.001%) — a level that preserves full independence of judgement for those Non-Executive Directors who hold shares.

Dual Accountability Architecture

This structure creates a dual accountability architecture. The Board is simultaneously steward of the national interest — ensuring food, fuel, healthcare, and construction materials reach every atoll community — and fiduciary of a diverse public shareholder base whose financial returns depend on the same decisions. EVOLVE's governance guardrails are designed precisely to navigate this duality: commercial ambition and mandate-driven obligation are held in disciplined balance by Board-approved policies, committee oversight, and the Related Party Transaction Procedures that prevent either constituency from improperly influencing outcomes at the expense of the other.

Regulatory Disclosure

All material shareholding disclosures, and corporate events are reported to the MSE, CMDA, and shareholders in accordance with the Securities (Continuing Disclosure Obligations of Issuers) Regulation (R-1050/2019) and the Companies Act (Act No. 7/2023). No material changes to the shareholding structure occurred during 2025.

9.1 Legal and Regulatory Compliance (MSRF G01) — Mandatory — Status: YES

MSRF G01 requires the disclosure of the total number of formal legal and regulatory complaints received by the organization during the reporting period. A formal complaint is one levied by an individual, organization, or government body against STO for alleged violations of any law, regulation, licensing requirement, or professional association rule. This metric is aligned to GRI 2-25, IRIS+ OI2165, and WEF governance disclosure standards. The national policy anchor is the Integrated National Financing Framework (INFF).

Management Approach

Regulatory compliance is a foundational strategic commitment at STO — not a minimum obligation. Under EVOLVE's Empower Sustainability & Governance pillar, governance and regulatory compliance are classified as a strategic non-negotiable: no growth target or commercial objective justifies a breach of the Company's obligations to regulators, shareholders, or the public.

STO's legal and regulatory compliance framework is governed by the Companies Act (Act No. 7/2023); the CMDA Corporate Governance Code; the Securities (Continuing Disclosure Obligations of Issuers) Regulation (R-1050/2019); the Maldives Securities Listing Rules; and the full suite of applicable Maldivian commercial, environmental, labor, and sector-specific legislation. Formal legal and regulatory complaints are identified through the Legal Function's records, while correspondence from regulatory bodies (CMDA, MSE, Registrar of Companies, Ministry of Economic Development Transport and Trade, and sector-specific regulators), and the Audit and Risk Committee's (ARC) are recorded separately. Internal complaints and grievances are excluded from this count and disclosed separately under G06 and G07.

2025 Performance

No penalties were imposed by the MSE, CMDA, or Registrar of Companies during 2025. There were no instances of material non-compliance with capital market legislation, securities regulations, or the Companies Act. CMDA CG Code reporting for 2025 is assessed as Full, with ESG and sustainability disclosure becoming mandatory from 2027 reporting onwards. Twenty-eight policies and procedures were reviewed and approved during 2025 under the GSC's rolling review programme — covering ethics, procurement, HR, IT, and ESG governance. This systematic review cycle ensures STO's governance instrument library remains current, aligned with regulatory developments, and fit for purpose under EVOLVE's expanded operating ambitions.

Governance metric	2024	2025
No. of formal legal & regulatory complaints — MSRF G01	Labor Authority 1 Tribunal 0 Civil court 1 case High court 0 MMA 0 MIRA 0 MFDA 0 ACC 17 inquiries – all attended	**Labor Authority 1** **Tribunal 3 cases** **Civil court 1 case** **High court 1 case** **MMA 0** **MIRA 0** **MFDA 1** **ACC – 5 inquiries – all attended**
Material non-compliance with capital market legislation and listing rules	None	**None**
CMDA CG Code compliance status	Full	**Full**
Penalties imposed by regulators	None	**None**
Policies and procedures reviewed / approved	59	**28**

9.2 Conflict of Interest (MSRF G02)

— Mandatory — Status: YES

G02 requires disclosure of whether the organization has a Conflict-of-Interest Policy in place. This metric is aligned to GRI 205-1 and GRI 2-15, and supports SDG 16 (Peace, Justice and Strong Institutions). The metric reflects the organization's commitment to ensuring that governance decisions are made in the best interests of the Company and its stakeholders — free from undisclosed personal or financial interests.

Management Approach

STO's Conflict of Interest framework is governed by the Conflict of Interest Disclosure Policy and its supporting procedure. All directors are required to declare any actual, potential, or perceived conflict of interest before any related deliberation or decision. Declarations are formally recorded in Board minutes, and each director provides a written annual confirmation of their declaration. Under EVOLVE's Governance pillar, the Related Party Transaction and Conflict of Interest Procedures serve as an explicit Board-approved guardrail: mandate-driven commercial decisions cannot be executed in ways that compromise commercial ESG accountability or benefit undisclosed related parties.

2025 Performance

All directors provided annual written conflict of interest declarations in 2025. All declarations made in the meetings were formally recorded in Board minutes. No undisclosed conflicts were identified through the ARC's oversight processes. No related-party transactions outside normal commercial terms were recorded. Additionally, Related Party Disclosures are made to the auditors annually, and where relevant to the regulators. The Code of Ethics and Code of Conduct are reviewed and formally acknowledged by the board directors across the Group.

Conflict of Interest Metric	2024	2025
Conflict of Interest Policy in place — MSRF G02	YES	**YES**
Annual director's declarations completed (%)	100%	**100%**
Undisclosed conflicts identified	None	**None**
Related-party transactions outside normal terms	None	**None**

9.3 Supplier Screening — Responsible Procurement (MSRF G03) — Mandatory — Status: PARTIAL

MSRF G03 requires a written policy for evaluating supplier organizations based on their social and environmental performance, with a system to monitor compliance with that policy. The metric is reported as Partial and is anchored to GRI 2-23 (Policies and Commitments), GRI 414-1 (New suppliers screened using social criteria), GRI 414- 2 (Negative social impacts in the supply chain), IRIS+ OI4739, and ISO 20400:2017 (Sustainable Procurement). The MSRF encourages organizations to footnote which positive and negative screening factors are applied and whether the policy differs by supplier tier.

Management Approach

Responsible procurement is a material governance topic for STO, given the scale, complexity, and national significance of its supply chain — spanning fuel, pharmaceutical products, essential foods, construction materials, and household goods sourced from domestic and international suppliers across multiple jurisdictions. Supply chain governance directly affects STO's ability to fulfil its national mandate and a supplier failure in any critical category carries both commercial and public service consequences for the company.

Supplier Screening Policy and ESG Integration

STO's Supplier Screening Policy was initiated under the Procurement Policy in 2024. The Procurement Policy was revised to reflect supplier screening in 2025, and the Procurement department has been mandated to implement the Supplier Screening Policy to take effect under the Procurement Policy. Integrating with ERP supplier onboarding and evaluation modules have been initiated. The Policy embeds environmental, social, and governance criteria into supplier selection and ongoing evaluation. Under EVOLVE's MSRF compliance programme, responsible supply chain governance is a named commitment with a quantified trajectory: ESG-screened suppliers must reach at least 5% of total procurement spend by 2027, rising progressively through 2030.

The Blacklisting Policy serves as a complementary enforcement mechanism, enabling STO to exclude suppliers, contractors, or third parties found to have acted in breach of its policies. Supplier site visits and trade fair participation provide qualitative intelligence that supplements the formal screening system.

KYC Policy and Counterparty Due Diligence

Additionally, STO's KYC Policy reinforces the Supplier Screening Policy by adding a mandatory due diligence layer at the point of entering any new business relationship — covering vendors, contractors, bidders, credit customers, and tenants. Critically, the KYC Policy is directly referenced in the Procurement Policy and the Competitive Bidding Procedure — meaning no supplier or contractor may progress to bidding or contracting without first satisfying KYC requirements. This makes KYC the first-line filter in the supplier lifecycle, with the Supplier Screening Policy providing the second layer of ESG-focused evaluation. Together they will form STO's full counterparty due diligence framework. Integration of KYC processes into ERP is now complete and it enables systematic tracking of KYC completion rates across the active supplier base.

2025 Performance

The Procurement Policy reviewed in 2025 embeds sustainable sourcing criteria, packaging waste reduction requirements, human rights compliance thresholds, and minimum environmental performance standards as mandatory conditions for supplier engagement.

The increase in supplier site visits from 42 in 2024 to 64 in 2025 and 4 trade fairs, reflects deliberate investment in supply chain intelligence as the formal ESG screening programme matures. As ESG-screened supplier spend reaches the 2027 target, GRI 414-1 and GRI 414-2 disclosures will be included in full, from the 2026 Sustainability Report. The Supplier Screening Policy is to be completed, and implementation initiated in 2026.

Responsible Procurement Metric	2024	2025
Supplier Screening Policy in place — MSRF G03	Yes — Partial in finalizing phase	**Yes —** ESG criteria embedded in supplier onboarding; SAP S/4HANA enabling systematic tracking
ESG-screened suppliers — % of procurement spend	Not Measured	Baseline established — Target: ≥5% by 2027 (EVOLVE KPI)
Sustainable sourcing criteria in Procurement Policy	No	**Yes** — human rights and environmental thresholds are mandatory from 2027
Human rights criteria in supplier contracts	Partial – included where supplier requested	Embedding from 2026 per EVOLVE supply chain sustainability commitments

9.4 Business Continuity, Climate Risk and ESG Risk Governance (MSRF G04) — Mandatory — Status: Partial

MSRF G04 requires a written policy for maintaining critical operations during disruptions, with mechanisms for regular review and compliance monitoring. The metric is reported as Yes/No and is anchored to GRI 2-23 (Policies and Commitments) and ISO 22301:2019 (Business Continuity Management Systems). The national policy anchor is the Strategic Action Plan, which identifies disaster risk reduction and climate adaptation as national priorities. MSRF encourages organizations to describe the types of disruptions covered, the roles and responsibilities of key personnel, and the mechanisms for testing and reviewing BCM effectiveness.

Management Approach

For a company entrusted with the national supply of fuel, food, medicine, and construction materials across 198 inhabited islands, business continuity is not an operational preference—it is a governance imperative. While a standalone Business Continuity Policy has not been formally established, continuity considerations are embedded across multiple operational and risk management instruments, including operational manuals, disaster management and recovery frameworks, and IT backup and data loss prevention policies. These collectively address key risk scenarios such as supply disruptions, cybersecurity incidents, natural disasters, and climate-related operational risks—each of which is elevated and materially probable for an island-based essential goods provider operating in one of the world's most climate-vulnerable geographies. Accordingly, the Company's approach reflects partial alignment with formal business

Risk Governance Framework

Under EVOLVE's Risk Management Framework, the Board's risk appetite — approved annually and reviewed by the Audit and Risk Committee — carries low tolerance for risks that threaten the continuity of national supply, breach regulatory obligations, cause harm to people, or result in material financial loss. Climate and environmental risk is one of ten principal risk categories formally tracked by the ARC and reported to the full Board. EVOLVE commits to mandatory climate screening of all capital expenditure above defined thresholds and to resilient infrastructure design as a non-negotiable investment condition. A TCFD-aligned Climate Risk Register is scheduled for completion by Q4 2026, representing the formalization of what is currently managed as part of the enterprise risk assessment process.

The Board has codified its risk appetite in the Risk Management Policy, which specifies zero tolerance for regulatory non-compliance and low tolerance for six principal risk categories: disruption to the supply of fuel, gas, staple food, essential pharmaceuticals, and medical consumables; financial instability or failure to deliver attractive shareholder returns; Group reputational damage; harm to the health, safety, or welfare of staff and stakeholders; significant environmental incidents; and material regulatory or legislative breaches.

ARC holds primary Board-level oversight of the risk register and reviews it annually where any material matters are escalated to the Board, immediately.

Principal Risk	Trend	Mitigation (2025)
Commodity Price Volatility — HIGH	↑	Structured procurement; pricing governance framework; forward purchasing where viable; quarterly review; embedded in Board risk appetite statement
FX Exposure — HIGH	→	Treasury coordination with Ministry of Finance & Public Enterprises; FX monitoring; conservative financial management; quarterly Board review
Supply Chain Disruption — HIGH	→	Diversified supplier base across geographies; minimum strategic stock level requirements; Business Continuity Management Policy (ISO 22301); quarterly operational reviews
Cybersecurity and IT Disruption — HIGH	↑	ARC raised specific cybersecurity challenge in 2025; IT Governance Policy approval targeted 2026; cybersecurity controls reviewed and working on mitigation measures
HSE Incidents — HIGH	→	HSE & ESG Compliance KPI across all EVOLVE segments (Energy, General Trading, Construction, Healthcare, Logistics); zero serious incident target; revised HSE Policy and Procedure active from 2025
Regulatory Compliance Failures — MEDIUM	→	Dedicated compliance function; annual policy acknowledgements tracked; no material breaches in 2025
Climate and Environmental Risk — MEDIUM	↑	Dedicated climate governance standing item; TCFD Climate Risk Register by Q4 2026; mandatory climate screening of all capex; EVOLVE commitment: climate risk embedded in every investment decision
Talent and Leadership Risk — MEDIUM	→	NRC succession planning protocol; EVOLVE Value People KPIs; High-Performer Retention target 95% by 2030; leadership pipeline development embedded in EVOLVE Phase I commitments

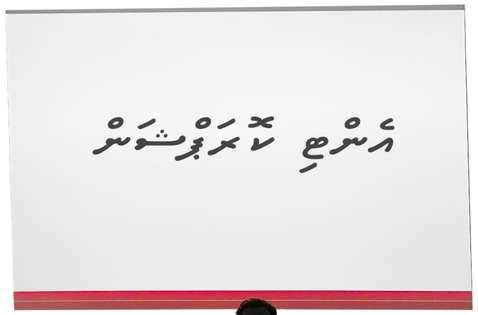
2025 Performance

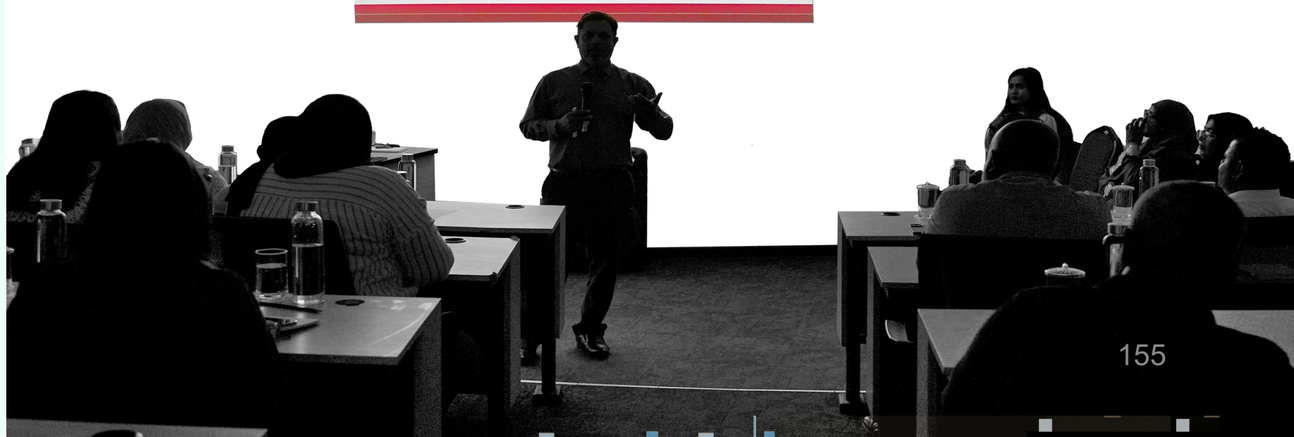
Business Continuity Metric	2024	2025
Business Continuity Management Policy in place — G04	No	Partial
TCFD-aligned Climate Risk Register	No	Development initiated — Completion targeted Q4 2026
Mandatory climate screening of capital expenditure	No	Active — All capex above thresholds screened from 2026 (EVOLVE non-negotiable)
Business continuity tests / drills conducted	No	Annual testing protocol to be formalized in 2026 BCP review

9.5Anti-Corruption and Business Ethics (MSRF G05) — Mandatory — Status: YES

G05 requires disclosure of whether the organization has an Anti-Corruption Policy in place. This metric is aligned to GRI 205-1 (operations assessed for corruption risks), GRI 205-2 (communication and training on anti-corruption policies), GRI 205-3 (confirmed incidents of corruption and actions taken), and SDG 16 (Peace, Justice and Strong Institutions). It reflects the organization's commitment to conducting all business with integrity and in full compliance with applicable anti-bribery and anti-corruption laws.

STO's anti-corruption commitments are directly relevant to the Strategic Action Plan (SAP) of the Government of Maldives, which the MSRF identifies as the central national policy framework underpinning the G05 metric. The SAP establishes integrity, rule of law, and accountable governance as strategic national development priorities. As the country's largest state-owned trading company, STO's zero-tolerance approach to bribery and corruption — embedded in Board-approved policy, enforced through independent oversight, and reported transparently against a quantified compliance framework — represents a direct contribution to those national priorities. Maintaining institutional integrity at STO is not merely a corporate governance obligation; it is a contribution to the broader national governance ecosystem that the SAP seeks to strengthen.





Policy Foundation and Strategic Mandate

Zero tolerance for bribery and corruption is not a compliance position at STO — it is a foundational governance principle. The Board has approved an Anti-Bribery and Anti-Corruption Policy that is explicit: no employee, director, agent, or business partner may offer, solicit, or accept any benefit — in any form — that could improperly influence a business decision. The policy is operationalized through the Anti-Bribery Procedure, which provides detailed, role-specific guidance across the six principal risk areas identified in STO's corruption risk assessment: gifts and hospitality, donations and sponsorships, procurement and tendering, payments, recruitment and promotion, and third-party intermediaries.

Corporate Gift Policy

The Corporate Gift Policy sits alongside the Anti-Bribery and Anti-Corruption Policy as a practical day-to-day control. It sets mandatory declaration thresholds for gifts and hospitality received or offered by employees, prohibits acceptance above thresholds, and requires all declarations to be recorded and reviewed by the Compliance Division. In 2025, no exceptions to the gift declaration requirement were recorded. This Policy directly addresses one of the highest-frequency bribery risk areas identified in STO's corruption risk assessment and ensures that hospitality does not become a vehicle for improper influence.

Legal Architecture and Multi-Jurisdictional Reach

The Policy's legal architecture spans multiple jurisdictions: it is aligned to the Penal Code of Maldives (Law No. 9/2014), the Law on Prevention and Prohibition of Corruption (Law No. 2/2000), the U.S. Foreign Corrupt Practices Act (FCPA), and the U.K. Bribery Act 2010. This multi-jurisdictional reach reflects STO's engagement with international suppliers and financial counterparties. Oversight of compliance sits with the Corporate Affairs Compliance Division, with independent assurance provided by the Internal Audit and the Board Audit and Risk Committee.

Training, Whistleblowing and Speak-Up Channels

From 2025, anti-corruption compliance training is formally tracked per FTE per year — providing a quantified compliance metric that will be reported annually going forward. The Whistleblowing Policy and its supporting Whistleblower Procedure provide the speak-up architecture that gives this training practical effect. Employees and stakeholders may report suspected fraud, corruption, or improper conduct through four channels: the Whistleblower Platform (overseen by the ARC Chairman), Raise Your Concern, Reach HR, and Reach MD. Reports can be made openly, confidentially, or anonymously. The Whistleblower Protection Act (Law No. 16/2019) of the Maldives provides the legal foundation for this framework, ensuring that employees who report in good faith are legally protected from retaliation. In 2025, 28 whistleblower cases were received and 85% were resolved — an improvement from 75% in 2024 — with 100% of cases attended to.

Insider Trading and Market Integrity Controls

The Insider Trading and Securities Dealing Policy complete STO's integrity framework by addressing the specific risk of market abuse. As a publicly listed company on the Maldives Stock Exchange, STO is subject to strict obligations on the use of material non-public information. The Policy enforces closed trading periods around financial reporting dates, restricts dealing by directors, senior management, and other designated persons, and prohibits trading on inside information under any circumstances. All restricted persons complied with closed period requirements throughout 2025, and no penalties, regulatory findings, or trading alerts were recorded.

Integrity Framework — Active Instruments

Policy / Instrument	2024	2025
Anti-Bribery and Anti-Corruption Policy — MSRF G05	YES	
Anti-Bribery Procedure		
Whistleblowing Policy and Procedure		
Corporate Gift Policy		
Code of Ethics and Code of Conduct		
Blacklisting Policy		
Insider Trading and Securities Dealing Policy		
Anti-Corruption Policy in place — MSRF G05		
Confirmed anti-corruption breaches	None	None
Compliance training tracked	Yes -1	Yes -3
Anti-Corruption Compliance Training	1	3 session 126 participants

Whistleblower metric	2024	2025
Cases received	29	**28**
Cases resolved	22 (76%)	**24 (86%)**
Cases attended to	100%	**100%**
Cases under ongoing review or action at year-end	7	**4**
Audit-related vs. grievance-related breakdown	10 audit; 19 grievance	**5 audit; 23 grievance**

Client Complaints Metric	2024	2025
No. of client complaints — MSRF G06 (broad definition)	25,007 queries	**25,333 queries**
Formal complaint resolution rate (%)	Not measured	**Not measured**
Average resolution time (days)	Not measured	**Not measured**
ISO 10002 complaint classification system	Not in place	**Under development**

9.6 Client Complaints and Stakeholder Redress (MSRF G06)

— Voluntary — Status: PARTIAL — Enhancement in Progress

MSRF G06 measures the number of formal complaints registered by clients, anchored to GRI 2-25 (Processes to remediate negative impacts) and GRI 2-29 (Approach to stakeholder engagement), and benchmarked against ISO 10002 — the international standard for customer satisfaction and complaints handling. For a company serving every household across the Maldivian archipelago, the accessibility, efficiency, and resolution quality of complaint mechanisms is both a governance obligation and a commercial imperative.

Complaints Volume and Channel Coverage

STO receives customer feedback through multiple channels — call center, digital platforms, social media, service centers, and direct commercial relationships. In 2024, the total volume recorded via call center was 25,007 queries and 25,333 queries in 2025. STO acknowledges that this figure captures a broad range of customer interactions — including general queries, service requests, and enquiries — and not exclusively formal complaints as defined under ISO 10002, which requires a complaint to be an expression of dissatisfaction made to an organization, related to its products or services, where a response or resolution is explicitly or implicitly expected.

Methodology Enhancement — ISO 10002 Alignment

A formal complaint classification system aligned to ISO 10002 is under development and targeted to be operational from 2026. Once in place, historical data will be restated under the narrower ISO 10002 definition to enable meaningful year-on-year comparison. This methodology improvement is a named commitment in STO's 2025 MSRF gap analysis.

9.7 Employee Grievances and Workplace Rights (MSRF G07)

— Voluntary — Status: PARTIAL — Enhancement in Progress

Access to fair, safe, and effective grievance resolution is a fundamental workplace right — and a governance obligation. MSRF G07 requires: Disclosure of the number of formal grievances registered by employees of the organization during the reporting period. The metric is reported as a count (number) and is anchored to GRI 2-29 (Approach to stakeholder engagement) and IRIS+ OI1042. The MSRF and GRI Standards, specify that effective grievance mechanisms should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. The MSRF encourages organizations to footnote the ownership of the mechanism, its purpose, the processes for resolution, and the effectiveness criteria applied. STO's five-channel grievance framework has been designed against these criteria.

EVOLVE's Value People & Culture pillar explicitly identifies employee grievance accessibility and resolution effectiveness as governance commitments. STO's grievance mechanism is owned by the HR Department, with independent oversight provided by the ARC Chairman for the Whistleblower channel, and the CEO for the Reach MD channel.

Grievance Mechanism Design — Five Channels

Channel	Ownership & Oversight	2024	2025	Resolution Rate 2025
Whistleblower Platform	ARC Chairman — independent oversight	19	**23**	All passed for relevant action to CEO and HR
Raise Your Concern / Reach HR	HR Division	1	**20**	100% attended to
Appeal Committee	Appeal Committee Chair	4	**5**	100% attended to
Reach MD (employment matters)	CEO	15	**41**	>80% attended to
Shareholder Concern Channel	Company Secretary	0	**0**	N/A
MSRF G07 (formal grievances not via call center)	All channels combined	25,007	**25,333**	Improving
Annual Staff Satisfaction Score		83%	**88%**	N/A

Understanding the 2025 Trend

The increase in formally registered MSRF G07 grievances — from 1 in 2024 to 20 in 2025 — reflects improvements in channel accessibility, employee awareness, and speak-up culture. It does not signal deteriorating workplace conditions. Three factors explain the increase: expanded promotion of formal grievance channels across all business units; reduced stigma associated with raising workplace concerns, supported by the Whistleblower Protection Act (Law No. 16/2019); and improved case classification discipline that distinguishes formal grievances from informal feedback.

Corroborating Indicators and Workplace Environment

Corroborating indicators confirm a positive workplace environment. STO's 2025 staff satisfaction score of 88% exceeded EVOLVE's 2030 target of 87% — achieved five years ahead of schedule. The High-Performer Retention rate remained strong. These results, alongside the grievance data, are consistent with a workforce that feels sufficiently safe and empowered to use formal channels — which is precisely the outcome a well-designed grievance mechanism should produce. A higher registration rate in a genuinely responsive system is a mark of governance health, not dysfunction.

The Reach MD channel handled 41 matters in 2025 (92% matter attended to). The numbers does not only include staff grievances but customer, supplier and investor proposals and concerns as well.

EVOLVE Commitment

EVOLVE Commitment: 100% of formally registered grievances attended to across all channels; year-on-year improvement in resolution rates and average resolution time; grievance mechanism effectiveness assessed annually against UN Guiding Principles criteria from 2026.

9.8 MSRF G11-G16 — Mandatory — Status: YES

	Code	Metric	Mandatory / Voluntary	2023
General Information	GI1	Name of Organization	M	State Trading Organization Plc (STO)
	GI2	Year Founded	M	1964
	GI3	Headquarters	M	STO Head Office, Kan'baa Aisa Rani Hingun, Maafannu, Male', 20345, Maldives
	GI4	Operating Facilities	M	Operating across: Male', Thilafushi, Funadhoo, Hulhumale' and all 20 atolls (Detailed Operations Addresses are available on https://sto.mv/contact-us)
	GI5	Operational Model	M	Distribution; Wholesale/ Retail; Services; (Detailed Operating Model available on page 14)
	GI6	Website	M	www.sto.mv

10. IFRS S1 and S2 Implementation Roadmap

IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) were published by the International Sustainability Standards Board (ISSB) in June 2023, effective for annual periods beginning on or after 1 January 2024. The two standards are applied together and share the same four-pillar structure: Governance, Strategy, Risk Management, and Metrics and Targets. IFRS S1 covers all sustainability-related risks and opportunities (SRROs) that could affect STO's cash flow, access to finance, or cost of capital. IFRS S2 applies this structure specifically to climate-related risks and opportunities (CRROs) and fully incorporates the TCFD recommendations. Both require industry-specific disclosures in addition to cross-industry metrics.

IFRS S1 and S2 implementation is mandatory for STO from 2026 onwards.

Engagement and Scope

STO appointed EY to lead the IFRS S1 and S2 Gap Analysis and Implementation Facilitation programme. The engagement covers STO Plc and four in-scope subsidiaries: Fuel Suppliers Maldives Pvt. Ltd (FSM), Maldive Gas Pvt. Ltd (MGPL), Maldives State Shipping Pvt. Ltd (MSS), and Allied Insurance Company of the Maldives Pvt. Ltd. A cross-functional working group was established across all five entities in February 2026.

2026 Milestone Table

Gap analysis

Gap analysis of STO and four subsidiaries against IFRS S1 and S2; draft reports issued by EY

Governance and risk

Workshop 1 (Governance and Risk Management); governance structure changes implemented; CRROs identified and assessed; 1st Board Paper to GSC

Strategy

Workshop 2 (Strategy); strategies to address CRROs developed; 2nd Board Paper to GSC

Metrics and targets

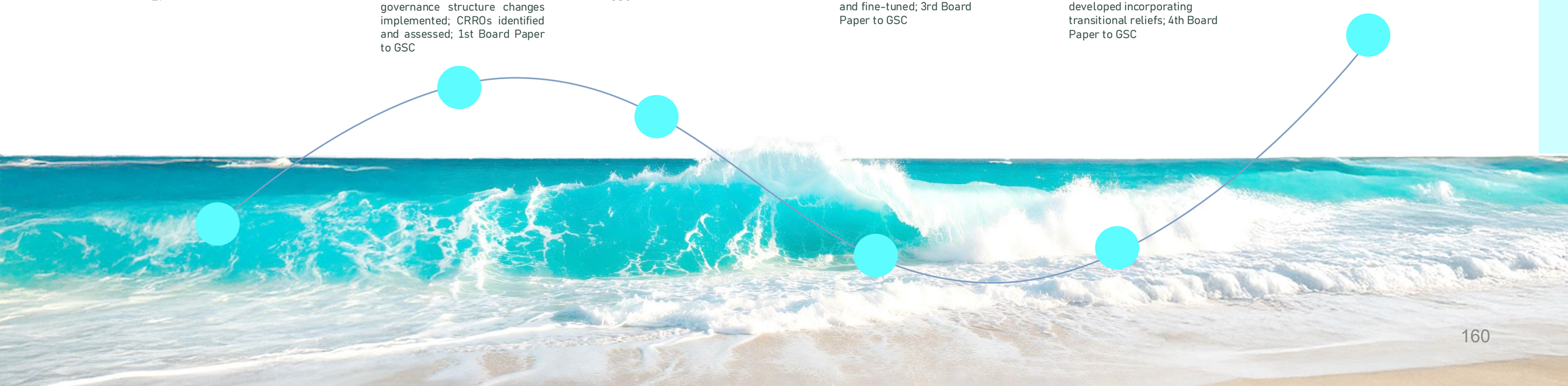
Workshop 3 (Metrics and Targets); metrics measured and fine-tuned; 3rd Board Paper to GSC

Disclosure development

Workshop 4 (Sustainability Reporting); IFRS disclosures developed incorporating transitional reliefs; 4th Board Paper to GSC

Completion

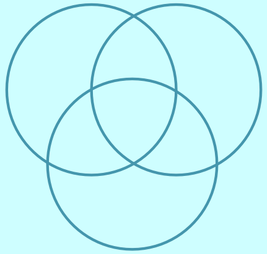
2nd–4th week September 2026



Roadmap to assurance

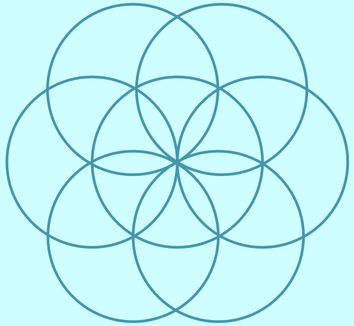
2026

Gap analysis complete; CRROs identified; strategies, metrics and targets approved by GSC; first IFRS-aligned disclosures developed



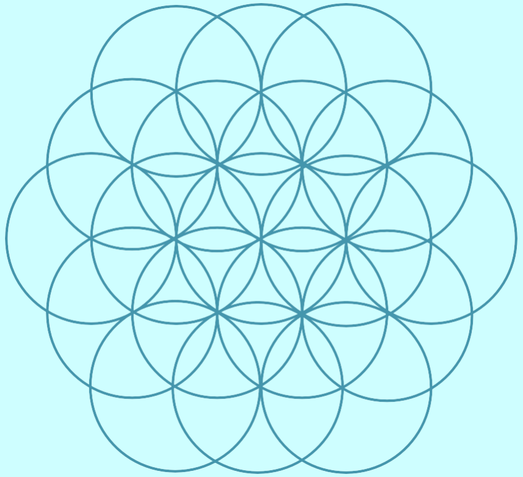
2027

IFRS S1/S2-aligned disclosures published in the 2026 Sustainability Report; Group-level framework established with bottom-up subsidiary reporting; SASB industry metrics integrated



2028

Full IFRS S1 and S2 compliance with external independent assurance — completing the EVOLVE 2030 target



The most material transitional relief available to STO is the Scope 3 GHG emissions exemption, which permits omission of Scope 3 disclosures in the first year of IFRS S2 application. STO's ongoing Scope 3 boundary assessment is timed to deliver a baseline for inclusion from the 2027 Sustainability Report, consistent with this schedule.

11. SDG Alignment

STO's activities under EVOLVE 2026–2030 contribute to 13 UN Sustainable Development Goals.

SDG	Goal	STO / EVOLVE Contribution	MSRF Metrics
SDG-3	Good Health & Well-being	Employee wellness and health camps; patient safety; public health awareness; biopharma servicing expansion under EVOLVE Healthcare segment	S05, S06, S13
SDG-4	Quality Education	Internship programmes: EVOLVE training targets (40% workforce trained 2025); ESG and governance training embedded per FTE; 6 scholarship programmes in 2025	S07, S08, S09
SDG-5	Gender Equality	Gender Equity Policy; female employee tracking and improvement target; anti-discrimination; EVOLVE Values-Driven Sustainability commitment	S03, S04, S11
SDG-6	Clean Water & Sanitation	Water Conservation Strategy; water-efficient fixtures in 30% of facilities by 2027; green building water standards; vessel MARPOL Annex IV sewage compliance preventing untreated wastewater discharge	E09, E10
SDG-7	Affordable & Clean Energy	Solar installations across STO facilities; LNG power plant collaboration with Ministry of Climate Change, Environment & Energy; Hakathari Star rated products (84 products); EV infrastructure evaluation; low-emission fleet transition KPI (≥10% by 2030)	E06
SDG-8	Decent Work & Economic Growth	Fair compensation; working hours policy; EVOLVE High-Performer Retention target (95% by 2030); agents sustaining livelihoods across all 20 atolls; first Maldivian company to implement minimum wage regulation (2021)	S07–S12, G01
SDG-9	Industry, Innovation & Infrastructure	SAP S/4HANA ERP; 100% target 2030 (30% achieved); Portland Limestone Cement study; Funadhoo terminal improvements with resilient design; green multipurpose building; LNG readiness (2030+ horizon)	G04
SDG-10	Reduced Inequalities	Diverse representation policy: equitable essential goods access across all 20 atolls and income groups; CSR reach ≥80% atolls from 2026; staff with special needs employed	S02, S11
SDG-12	Responsible Consumption & Production	Inventory waste reduction; FIFO shelving; packaging sustainability KPIs in General Trading and Construction; ESG-screened suppliers ≥5% spend by 2027	E11, G03
SDG-13	Climate Action	EVOLVE enterprise KPI: 25–30% Scope 1 and 2 carbon reduction by 2030; mandatory climate screening of capex; TCFD Climate Risk Register; fleet CII targets; LNG and renewable transition pathway; IFRS S1/S2 implementation	E01–E06
SDG-14	Life Below Water	Zero oil-spill commitment; Ocean Drone Project; MARPOL compliance (all six Annexes); EMP for bunkering operations; marine biodiversity screening; Funadhoo terminal relocation with coastal resilience design; BWM Convention compliance	E07, E08
SDG-15	Life on Land	Biodiversity assessment (MSA) Q3 2026; waste containment at operational sites; green building and landscaping standards; no discharge of garbage to sea	E07, E08
SDG-16	Peace, Justice & Strong Institutions	Anti-corruption framework (ISO 37001 partial alignment); EVOLVE Audit Issue Closure KPI (95% by 2030); whistleblowing facility; MSRF and IFRS S1/S2 compliance programme; subsidiary governance harmonization	G01, G02, G05

12. GRI Content Index

This report has been prepared with reference to the GRI Standards. The following index maps key GRI disclosures to relevant report sections.

GRI Standard	Disclosure	Section / Response
GRI 2-1	Organizational details	Section 2.1
GRI 2-6	Activities, value chain and other business relationships	Section 2.2 Section 2.3
GRI 2-9	Governance structure and composition	Section 4
GRI 2-11	Chair of the highest governance body in overseeing impacts	Section 4.1
GRI 2-12	Role of the highest governance body in overseeing impacts	Section 4.2 Section 4.3
GI 2-17	Collective knowledge of the highest governance body	Section 4.7
GRI 2-18	Evaluation of the performance of the highest governance body	Section 4.6
GRI 2-19	Remuneration policies	Remuneration Report Statement of the Nomination and Remuneration Committee
GRI 2-20	Process to determine remuneration	Section 9.9
GRI 2-23	Policies and commitments	Section 4,8,9
GRI 2-25	Processes to remediate adverse impacts	Section 8.1
GRI 2-27	Compliance with laws and regulations	Section 9.1
GRI 2-29	Stakeholder engagement approach	Section 5
GRI 205-1	Operations assessed for corruption risks	Section 9.6

GRI Standard	Disclosure	Section / Response
GRI 205-2	Training on anti-corruption policies	Section 9.6
GRI 205-3	Confirmed incidents of corruption	Section 9.6
GRI 302-1	Energy consumption within the organization	Section 7.2
GRI 303-1	Interaction with water as a shared resource	Section 7.4
GRI 303-3	Water withdrawal	Section 7.4
GRI 304	Biodiversity	Section 7.3
Gri 305-1	Director (Scope 1) GHG emissions	Section 7.1
GRI 305-2	Indirect (Scope 2) GHG emissions	Section 7.1
GRI 305-3	Other indirect (Scope 3) GHG emissions	Section 7.1
GRI 306-5	Waste directed to disposal	Section 7.5
GRI 403-1 to 4.3-9	Occupational Health and Safety series	Section 8.3
GRI 404-1	Average hrs. of training per year per FTE	Section 8.4
GRI 405-1	Diversity of governance bodies and employees	Section 8.2
GRI 4.5-2	Ration of basic salary and remuneration of women to men	Section 8.1.4
GRI 406-1	Incidents of discrimination	Section 8.2
GRI 415-1	Political contributions	Section 9.6

13. MSRF Compliance Index

STO reports in compliance with the Maldives Sustainability Reporting Framework (MSRF) issued by the Capital Market Development Authority (CMDA). All 36 cross-industry metrics are disclosed below.

Code	MSRF Metric	Mandatory / Voluntary	Disclosure Status 2025	Report Section
E01	GHG Emissions Strategy	**M**	YES	7.1.1
E02	GHG Emissions: Total (tCO2e)	**M**	YES	7.1.2
E03	GHG Emissions: Scope 1 (tCO2e)	**V**	YES	7.1.2
E04	GHG Emissions: Scope 2 (tCO2e)	**V**	YES	7.1.2
E05	GHG Emissions: Scope 3 (tCO2e)	**V**	Not Identified	7.1.2
E06	Total Energy Consumption (kWh)	**M**	YES	7.2
E07	Biodiversity Assessment	**M**	NO	7.3.1
E09	Water Conservation Strategy	**M**	YES	7.4.2
E10	Water Consumed (m³)	**M**	YES	7.4.3
E11	Waste Disposed (tonnes)	**V**	Not measured	7.5.1
S01	Human Rights Policy	**M**	YES	8.1.1
S02	Diverse Representation Policy	**M**	YES	8.2.1
S03	Gender Equity Policy	**M**	YES	8.2.2
S04	Board of Directors; Female	**M**	YES	8.2.3
S05	Occupational Injuries (No.)	**M**	YES	8.3.1
S06	Worker Safety Policy	**M**	YES	8.3.2
S07	Employees Trained (No.)	**M**	YES	8.4.1
S08	Employee Training Hours	**M**	YES	8.4.2
S09	Employee Training Costs (MVR)	**M**	YES	8.4.3
S10	Working Hour Policy	**M**	YES	8.1.2
S11	Anti-Discrimination Policy	**M**	YES	8.1.3
S12	Fair Compensation Policy	**M**	YES	8.1.4
S13	Sexual Harassment Policy	**M**	YES	8.3.3
Staff Satisfaction Score	Annual staff survey (supplementary — not an MSRF metric)	**-**	YES	8.3.4
G01	No. Legal & Regulatory Complaints	**M**	YES	9.1
G02	Conflict of Interest Policy	**M**	YES	9.2
G03	Supplier Screening Policy	**M**	PARTIAL	9.3
G04	Business Continuity Management Policy	**M**	PARTIAL	9.4
G05	Anti-Corruption Policy	**M**	YES	9.5
G06	No. Client Complaints Registered	**V**	YES	9.6
G07	No. Employee Grievances Registered	**V**	YES	9.7
GI1	Name of Organization	**M**	YES	2.1
GI2	Year Founded	**M**	YES	2.1
GI3	HQ Location	**M**	YES	2.1
GI4	Operating Facilities Location	**M**	YES	https://sto.mv/contact-us
GI5	Operational Model	**M**	YES	Our Business Model
GI6	Website	**M**	YES	2.1

15. Closing Statement

"STO's sustainability journey is not a linear progression from gap to compliance. It is the building of institutional capability — governance structures, data systems, technical expertise, and cultural values — that will make responsible business practice self-sustaining well beyond the EVOLVE planning horizon."

This 2025 Sustainability Report is STO's most comprehensive non-financial disclosure to date. For the first time, STO discloses across all 36 MSRF cross-industry metrics — on a voluntary basis, ahead of the mandatory MSRF compliance date of 2026 — with honest acknowledgement of every gap, structured forward commitments, named accountable owners, and a Board-reviewed, milestone-tracked implementation roadmap.

The report is candid about what STO has not yet achieved: 2025 GHG figures remain subject to verification; total energy consumption in kWh is not yet complete; waste disposal has not been quantified; external assurance has not been obtained; and a number of data quality items require further deliberations. These are not omissions — they are openly disclosed gaps with specific EVOLVE actions and target timelines attached.

What is substantively different about 2025 is not merely what STO has done — it is what STO put in place.

The EVOLVE 2026–2030 Strategic Plan elevates sustainability from a reporting obligation to the sixth of six strategic pillars governing every significant decision the company makes. Carbon reduction is a Board-reviewed enterprise KPI. Climate risk screening is a mandatory investment gate. ESG performance is embedded in management reward eligibility. EY has been engaged to lead the IFRS S1/S2

implementation programme. PAIA From CBRE has been engaged to assess Group GHG emissions. These are institutional commitments, not reporting positions.

The Board has also been candid about its own gaps. ESG accounted for only 3% of Board discussion time in 2025 — well below the global benchmark of approximately 10%. This has been addressed: ESG is a permanent standing agenda item at every Board meeting from 2026, supported by a structured management dashboard and a dedicated ESG

page in all Board papers. The Board evaluation score of 4.46 out of 5.00 identified ESG governance as the primary improvement priority for 2026. The Board is holding itself accountable.

The national mandate that defines STO — to ensure that every community across 20 atolls has access to the essential goods and services that sustain life — is inseparable from the sustainability commitments in this report. Energy security, food security, healthcare supply, and construction materials access are delivered responsibly. There is no version of STO's national purpose that is separable from its environmental and social obligations.

We invite shareholders, regulators, employees, suppliers, and the communities we serve to engage with this report, and provide feedback. Feedback should be directed to sustainability@sto.mv.

16. Gap Analysis and Forward Commitment

OVERALL VERDICT

Meaningful Progress, Critical Gaps Remain

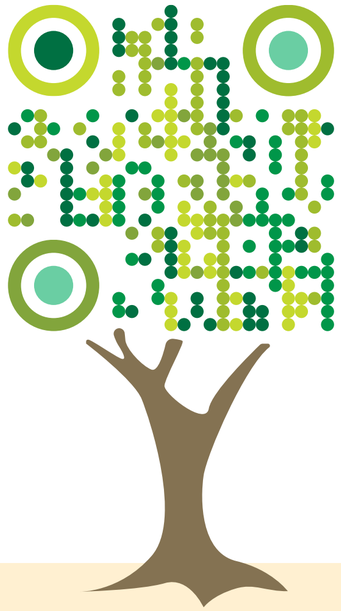
MET — Fully Disclosed
PARTIAL — Gaps Remain
GAP — Not Measured
PLANNED — Committed

ENVIRONMENTAL		SOCIAL		GOVERNANCE		FRAMEWORKS	
E01–02	**GHG Emissions Total** Strategy & Scope 1+2 measured. No external assurance.	S02–03	**Gender & Pay Equity** 1:1 wage ratio ✓. Female Board: 29%. Total workforce female % disclosed. GEAP alignment due 2026.	G01	**Board ESG Oversight** GSC: 6 meetings (↑ from 4). ESG is a permanent agenda item from 2026.	MSRF	**36-Metric Compliance** All 36 metrics voluntarily disclosed ahead of 2026 mandate. Gaps named with EVOLVE actions.
E03–04	**Scope 1 & 2 Detail** Scope 1: 45,077 tCO_2e (fleet-driven ↑). HFC fugitives excluded. Scope 2 location-based only.	S05–06	**OHS & Safety** OSH Policy updated (ISO 45001 / Law 2/2024)	G03	**Supplier Screening** Screening policy in preparation. 64 site visits. ESG checks in onboarding. Procurement policy revised.	IFRS S1	**General Requirements** EY engaged (Feb–Sep 2026). No S1-aligned disclosures for 2025. First disclosure targeted 2027.
E05	**Scope 3 Emissions** Not identified or measured. Cat. 11 (sold petroleum) expected to dominate STO's footprint.	S07–09	**Training & Development** 69% workforce trained (2024 33%). MVR 14.9M invested. ESG training embedded from 2026.	G04	**Climate Risk / BCM** TCFD Register due Q4 2026. EY appointed for IFRS S2.	IFRS S2	**Climate Disclosures** GHG baseline underway. No physical/transition scenario analysis. TCFD Register Q4 2026.
E07–08	**Biodiversity** No formal assessment or MSA figure. EMS at Funadhoo operative. Zero oil-spill KPI maintained.	S12	**Grievance Mechanism** 28 whistleblower cases; 85% resolved. ISO 10002 complaint system planned.	G05	**Anti-Bribery (ISO 37001)** Policy and zero-tolerance stance in place. Annual training tracked. Full ISO 37001 certification pending.	GRI	**GRI Standards Alignment** Cross-referenced throughout. Key gaps: GRI 305-3 (Scope 3), GRI 306 (waste), GRI 303 (water detail).
E09–11	**Water & Waste** Water tracked (56,442 m³). No waste quantities measured anywhere across the Group.	S01/CSR	**Community Investment** MVR 12.5M invested. 303+ orgs. All 20 atolls reached. EVOLVE KPI: ≥80% atoll coverage 2026.	G06–07	**Complaints & Grievances** 25,333 queries handled by call center. ISO 10002 system under development. Restated G06 data targeted from 2026.	ASSURE	**External Assurance** Fully self-reported in 2025. Assurance partner to be engaged under IFRS S1/S2 roadmap. Target: 2026.

State Trading Organization Plc

Male', Maldives | www.sto.mv | sustainability@sto.mv

Reporting Period: 1 January – 31 December 2025 | MSRF Compliant | GRI Referenced | UN SDGs Aligned



Executive Profile

SHIMAD IBRAHIM

Shimad Ibrahim was first appointed to the Board of Directors in May 2019 as a representative of the majority shareholder and later assumed the role of CEO on 28 November 2023.

A Chartered Accountant with over 20 years of professional experience, he holds a Bachelor of Accounting (Honours) degree from the International Islamic University of Malaysia, where he was recognized as the Best Student in Management Accounting.

Currently, Shimad serves as a Director at SFG Corporate Services, SFG Logistics, S&A Tax and Financial Services, Lisa Maldives and Maldives Industrial Development Free Zone PLC. He is also the Chairman of Maldives National Oil Company Ltd.

His extensive career includes senior leadership roles such as Chief Financial Officer at Villa Group, Head of Finance at Maldives Islamic Bank, and Chief Finance Executive at the Ministry of Finance. He has also served as a Board Director at Maldives Islamic Bank PLC, Maldives Tourism Development Corporation PLC, Thilafushi Corporation Limited, Upper South Utilities Limited, and Fenaka Corporation Pvt Ltd. In addition, he has contributed to national financial governance as a member of the National Debt Management Committee.

MOHAMED NIZAM

Mohamed Nizam has been with STO since 2010 and currently serves as the Chief Financial Officer and Executive Director. Over the course of his tenure, he has demonstrated outstanding performance across several key roles, including Head of Procurement, Senior Finance Manager, Chief Risk Officer, and Senior Information System Manager within the ICT department.

At present, Nizam holds the position of Chairman of Raysut Maldives Cement Pvt Ltd. He also serves as a Board Member of Maldives National Oil Company Limited and STO Maldives (Singapore) Pte Ltd. Previously, he served as Chairman of the Board of Directors at Fuel Supplies Maldives Pvt Ltd

His extensive governance experience is further reflected in his previous board roles at Maldives State Shipping Company Pvt Ltd, Maldives Industrial Fisheries Company Ltd and Fenaka Corporation Pvt Ltd. In addition, he has served as Chairman of the Board of Directors at Allied Insurance Company of the Maldives Pvt Ltd. He has also represented STO on the boards of the Maldives Stock Exchange and the Maldives Stock Depository, highlighting his strong leadership within the financial sector. Nizam holds a Master's degree in Business Administration with a specialization in Financial Management from the University of Ballarat, Australia, and a Bachelor of Arts (Honours) degree in Finance and Accounting from the University of East London, UK. He is a Fellow member of AICPA & CIMA (FCMA, CGMA), UK. His professional credentials also include membership in the Institute of Enterprise Risk Practitioners (IERP) as a Certified Enterprise Risk Advisor (ERA), as well as certification as an Associate Consultant in SAP Finance and Controlling—demonstrating his expertise in financial analysis, risk management, and business information systems.

HAWWA NAFIA

Hawwa Nafia began her career at STO in 2014 as an Accountant and was appointed to Chief Audit Executive in 2021. She currently oversees the company's Internal Audit Department.

With over 10 years of experience in Accounting and Auditing, she has built a strong track record in governance and financial oversight.

Prior to her current role, Nafia held several key positions, including Junior Assistant Auditor at the Auditor General's Office (S. Hithadhoo Branch), Internal Auditor at the Capital Market Development Authority, and Investigation Officer at the Anti-Corruption Commission.

In addition to her executive responsibilities, she has served as a Board Director at Allied Insurance Company of the Maldives Pvt Ltd and was a member of both the Audit and Risk Management Committee and the Corporate Governance and Compliance Committee.

Nafia is a fellow member of the Association of Chartered Certified Accountants (ACCA-UK) and holds a First-Class Honors Bachelor of Science degree in Applied Accounting from Oxford Brookes University. She is also a Certified Internal Auditor (CIA).

AHMED SHIFAN

Ahmed Shifan began his professional journey by serving the nation in the National Security Service (now the Maldives National Defence Force) for nearly five years before joining STO in 2003 as an Assistant Manager. He has held multiple senior roles within STO, with over 20 years of leadership experience across sales & marketing, operations, human resources, and ICT.

He also brings governance experience, having served on the boards of several STO subsidiaries, including leadership roles as Chairman and Director. Shifan is presently a Board Director of Maldives State Shipping Company Pvt Ltd. He has previously served as a Board Director of Fuel Supplies Maldives Pvt Ltd, Maldives Structural Products Pvt Ltd, and Maldives Industrial Fisheries Company Ltd, where he also held the position of Chairman.

He currently serves as the Director of Corporate Marketing Communications. In addition, he has served as Chairman of Maldives Gas Pvt Ltd and STO Recreational Club, as well as Managing Director of STO Hotel and Resorts Pvt Ltd. He has also contributed at a regional level as a member of the Board of Advisors for the SAP Asia Pacific Japan Regional Services Board.

Shifan holds an MBA (Honours) from Auckland University of Technology and a First-Class Honours degree in Business Information Systems with Business Studies from Middlesex University, UK.

ISMAIL MIFRAH

Ismail Mifrah joined STO in 2006 as a Technical Support Engineer and progressively advanced to the role of Senior Information Systems Manager. In this capacity, he was responsible for developing organization-wide ICT policies and best practices, as well as establishing procedures for business continuity and development. He resigned in October 2017 and later rejoined STO in May 2019 as the Chief Information Officer.

In addition to his executive role, Mifrah currently serves as the Chairman of STO Hotels and Resorts and as a Board Director of Allied Insurance Company of the Maldives Pvt Ltd. He has previously held several board positions, including Director roles at Fuel Supplies Maldives Pvt Ltd, Maldives State Shipping Company Pvt Ltd, and Maldives Industrial Fisheries Company Limited. He has also served as Chairman of Allied Insurance Company of the Maldives Pvt Ltd, STO Maldives (Singapore) Pvt Ltd, and Maldives Gas Pvt Ltd.

Mifrah holds a Master's degree in Technology Management from Asia Pacific Institute for Information Technology (APIIT), Malaysia, and a Bachelor of Science in Information Technology from Edith Cowan University, Australia. He is also a Microsoft Certified Professional and an SAP MM Associate Consultant, reflecting his expertise in technology management and enterprise systems.

ABDUL WAHID MOOSA

Abdul Wahid Moosa joined STO after completing his Bachelor's degree in Business, specializing in Management and Marketing, from Edith Cowan University, Australia.

He began his career at STO in the Transport Department, where he was involved in managing the company's fleet. With a strong interest in shipping—particularly in the technical and operational management of foreign-going vessels—he further developed his expertise by working at Thome Ship Management, Singapore, a leading ship management company. He is also a qualified Company Security Officer, certified to conduct ship audits and inspections in accordance with ISM, ISPS, and ISO 9001:2015 standards.

Currently, Wahid serves as the Director of Procurement at STO. He has previously led several key departments, including Fuel, Logistics, and Construction.

In addition to his executive responsibilities, he serves as the Chairman of the Board of Maldives State Shipping Company Pvt Ltd and Managing Director of Maldives National Oil Company Ltd. He has also previously served as Chairman of Fuel Supplies Maldives Pvt Ltd and as a Board Director of Raysut Maldives Cement Ltd.

MARIYAM NUZLA

Mariyam Nuzla currently serves as the Director of Human Resources at State Trading Organization Plc, Maldives. She began her journey with the company in 1999 as a Sales Officer and, through dedication and consistent performance, progressed steadily to become a key member of the organization's leadership.

Over the course of her long-standing career, she has held several senior roles within the company, including Head of Corporate and Legal Affairs, Head of Procurement, Head of Administration, and Personal Assistant to the Managing Director.

Nuzla holds a Master's degree in Business from Cardiff Metropolitan University, United Kingdom, and a Bachelor's degree in Business (Marketing and Management) from Edith Cowan University, Australia.

She currently serves as a Board Director of Maldives State Shipping Company Pvt Ltd and has previously served as a Board Director of Fuel Supplies Maldives Pvt Ltd. She has also held Board Director positions at Maldives Gas Pvt Ltd, Allied Insurance Company of the Maldives Pvt Ltd, and Maldives Industrial Fisheries Company Pvt Ltd.

AISHATH SHAFFANA RASHEED

Aishath Shaffana Rasheed joined STO in 2004. She has served as the Company Secretary of the Company since 2007.

Ms. Shaffana is also the Head of Department for Corporate Affairs, that oversees the managing director's bureau, sustainability, governance and strategy, legal and compliance in the Company.

She has previously worked at Marketing Department and STO Supermart.

She holds a Master of Law and a Master of Business, from the Cardiff Metropolitan University, UK, and a Bachelor of Business (Marketing and Management) from the Edith Cowan University of Australia.

Ms. Shaffana has completed a Diploma in Corporate Governance and a diploma in ESG from the Corporate Governance Institute of Ireland.

MOHAMED EMAN

Mohamed Eman joined STO in 2005 and currently serves as the Director of Construction Solutions Department, where he oversees a broad portfolio of construction-related operations and strategic initiatives.

Over the course of his career at STO, Eman has held several key leadership roles, including General Manager of Fuel & Energy operations, Senior Manager of the Construction Materials Department, as well as managerial positions in Logistics, Enterprise Information Systems. His diverse experience across these functions has contributed significantly to the organization's operational efficiency and growth.

In addition to his responsibilities at STO, Eman currently serves as the Chairman of Maldives Gas Pvt Ltd. He has also held multiple board-level positions, including Board Director of Maldives Structural Products Pvt Ltd, Board Director of Maldives Gas Pvt Ltd, and Board Director of Raysut Maldives Cement Ltd. Furthermore, he previously served as Chairman of the STO Recreation Club.

Eman holds a Bachelor of Arts in Economics from JSS College of Arts, Commerce & Science, India. He is also a certified Associate Consultant in SAP Materials Management, reflecting his expertise in enterprise resource planning and supply chain systems.

ALI NABEEH

Ali Nabeeh joined STO in 2005, beginning his career as an officer in the Transport Department. Over the years, he progressed through various roles within the department, gaining extensive experience before advancing to his current position as Director of the Logistics Department. In this role, he oversees Marine Transport, Distribution Services, and Engineering Services.

In addition to his executive responsibilities, Nabeeh serves as the Chairman of Fuel Supplies Maldives Pvt. Ltd. He has previously held positions as a Board Director at Maldives State Shipping Company Pvt. Ltd., Fuel Supplies Maldives Pvt. Ltd., and Maldives Gas Pvt. Ltd.

He holds a Bachelor of Arts degree with First-Class Honors in Logistics Management from USCI University, Malaysia, and has undertaken extensive training in international trade and maritime operations.

MOHAMED IHSAN WAHEED

Mohamed Ihsan Waheed serves as the Director of the Projects and Assets Department, where he oversees infrastructure development initiatives and property management operations for the Company.

With over 13 years of experience at STO, Ihsan has held several key roles across the organization. His career progression includes positions as an Officer in the Asset Management Department, Contracting Officer in the Procurement Department, Delivery Manager in the Logistics Department, and Senior Manager in the Projects Section under Business Research & Property Management.

In addition to his executive responsibilities, Ihsan represents STO as the Chairman of Maldives Structural Products Pvt Ltd and as a Board Director of STO Hotels and Resorts Pvt Ltd.

Ihsan holds a Master of Business Administration from Anglia Ruskin University, UK, and a Bachelor of Arts degree with First-Class Honors in Logistics Management from USCI University, Malaysia.

AHMED NIUSHAD

Ahmed Niushad joined STO in 2012 as a Project Manager and has since progressed through several key leadership roles. He currently serves as the Director of Healthcare Solutions, where he leads the development and execution of STO's healthcare initiatives, with a strong focus on innovation, operational efficiency, and strategic growth.

He is a Certified Project Management Professional (PMP®) and holds a Master of Business Administration from Anglia Ruskin University, UK.

In addition to his responsibilities at STO, Niushad serves as the Managing Director of STO Hotels and Resorts and is a Board Director at Allied Insurance Company of the Maldives Pvt Ltd. He has also previously served as a Board Director at Fuel Supplies Maldives Pvt Ltd.

MOHAMED SHUAIB AHMED

Mohamed Shuaib Ahmed is a distinguished leader in the Maldivian oil and gas industry, bringing over a decade of experience in sales, operations, and business development. In December 2024, he was appointed Director of Energy, following a successful ten-year tenure as Terminal Manager of the STO Port Facility and Funadhoo Terminal from 2014 to 2024.

Beyond his executive leadership role, Shuaib has contributed extensively at the board level. He has previously served as a Board Director of Maldive Gas and Maldives Industrial Fisheries Company Ltd, and currently serves as a Board Director of Fuel Supplies Maldives Pvt Ltd and Maldives National Oil Company Ltd.
Shuaib holds a Bachelor of Business Administration (BBA) with First-Class Honors in Oil & Gas Management, along with a Master of Business Administration (MBA).

IBRAHIM MIRZAQ

Ibrahim Mirzaq was appointed Director of General Trading in December 2024, where he oversees STO People's Choice, Staple Foods, and Regional Operations.

He began his career with STO in 2009 as an Officer and has since progressed through several key roles, including Procurement Manager and Operations Manager. He also played a pivotal role in leading the SAP S/4HANA implementation project as Project Lead and later served as Business Transformation Manager, contributing significantly to organizational efficiency and modernization initiatives.

In addition to his executive responsibilities, Mirzaq currently serves as a Board Director of Maldives Structural Products and has previously served as a Board Director at Fuel Supplies Maldives Pvt Ltd.

He holds a Master of Business Administration from Anglia Ruskin University and a Diploma in Information Technology. He is also a Certified SAP Materials Management Professional, a Certified Project Manager, and a Certified International Procurement Manager from the International Purchasing and Supply Chain Management Institute and completed certification program in Artificial Intelligence (AI) in project management, Sustainable Agriculture and Farm Management.

Summary of Audited Financial Statements

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2025

	Note	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Revenue	7	16,683,459,901	16,759,883,731	15,544,669,824	15,449,496,372
Cost of sales	10	(13,684,556,069)	(13,671,803,162)	(13,125,819,543)	(13,095,293,019)
Gross profit		**2,998,903,832**	**3,088,080,569**	**2,418,850,281**	**2,354,203,353**
Other income	8	124,814,862	118,795,581	119,516,529	125,468,829
Administrative expenses	10	(945,203,409)	(901,415,713)	(629,494,873)	(591,755,181)
Selling and marketing expenses	10	(876,057,517)	(827,230,618)	(766,424,116)	(703,031,822)
Impairment loss on trade, other and related party receivables	22, 23 & 24	(110,358,275)	(282,090,970)	(10,298,929)	(84,120,293)
Other operating expenses	10	(16,148,561)	(8,104,965)	(15,540,545)	(7,723,358)
Operating profit		**1,175,950,932**	**1,188,033,885**	**1,116,608,347**	**1,093,041,528**
Finance income		149,132,161	163,223,958	134,235,974	168,027,264
Finance costs		(379,048,858)	(437,467,853)	(336,423,758)	(414,918,404)
Net finance costs	9	(229,916,697)	(274,243,895)	(202,187,784)	(246,891,140)
Share of profit of Joint venture		12,970,917	15,022,451	-	-
Share of profit / (loss) of associates		3,152,650	(1,539,571)	-	-
Share of profit of equity accounted investees - net of tax	17	16,123,567	13,482,880	-	-
Profit before tax expense		**962,157,802**	**927,272,869**	**914,420,563**	**846,150,388**
Income tax expense	11	(176,928,085)	(154,902,825)	(150,970,590)	(104,691,816)
Profit after tax expense		**785,229,717**	**772,370,044**	**763,449,973**	**741,458,572**

	Note	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit liability	33	(5,335,863)	(7,629,070)	(6,011,484)	(6,971,023)
Tax related to remeasurement of defined benefit liability		800,379	1,144,360	901,723	1,045,653
Equity investment at FVOCI - net change in fair value	18	(12,687,500)	11,875,000	-	-
Tax related to equity investments at FVOCI - net change in fair value		1,903,125	(1,781,250)	-	-
Total other comprehensive (loss) / income - net of tax		**(15,319,859)**	**3,609,041**	**(5,109,761)**	**(5,925,370)**
Total comprehensive income for the year		**769,909,858**	**775,979,085**	**758,340,211**	**735,533,203**
Profit attributable to:					
Owners of the Company		780,890,253	770,472,086	763,449,973	741,458,572
Non - controlling interests	30	4,339,464	1,897,958	-	-
		785,229,717	772,370,044	763,449,973	741,458,572
Total comprehensive income attributable to:					
Owners of the Company		765,475,610	774,060,767	758,340,211	735,533,203
Non - controlling interests		4,434,248	1,918,318	-	-
		769,909,858	**775,979,085**	**758,340,211**	**735,533,203**
Basic and diluted earnings per share	12	693	684	677	658

To download the full set of financial statements with notes https://sto.mv/pages/fs2025

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2025

	Note	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
ASSETS					
Non-current assets					
Property, plant and equipment	13	2,971,495,085	2,596,038,310	2,363,922,254	2,020,952,307
Investment property	14	65,633,738	359,776,956	65,633,738	359,776,956
Intangible assets	15	109,404,413	124,609,526	84,114,423	98,055,542
Right-of-use assets	19	429,907,649	474,191,400	333,328,546	394,741,703
Lease receivable	20	-	-	41,934,141	52,924,332
Investment in subsidiaries	16	-	-	216,172,026	256,297,041
Equity accounted investees	17	241,324,685	175,521,118	200,307,267	138,627,267
Equity securities at FVOCI	18	95,178,300	107,865,800	2,240,800	2,240,800
Loans receivable	24	250,369,841	293,588,046	-	-
Other financial investments	27	1,388,601,349	1,396,059,029	1,277,018,477	1,286,774,061
Deferred tax assets	11.3	298,977,583	277,699,060	188,144,701	183,651,764
Total non-current assets		**5,850,892,643**	**5,805,349,245**	**4,772,816,373**	**4,794,041,773**
Current asset					
Inventories	21	1,279,827,958	1,293,574,196	1,104,859,361	1,163,305,902
Lease receivable	20	-	-	32,757,533	26,078,446
Trade and other receivables	22	1,383,721,685	1,309,011,284	787,412,005	645,926,138
Amounts due from related parties	23	4,555,191,382	4,200,908,732	5,341,867,552	4,897,895,748
Loans receivable	24	182,915,958	133,605,505	284,186,056	336,133,138
Insurance contract assets	26.2	45,789,725	96,702,329	-	-
Reinsurance contracts	26.2	174,810,741	209,531,645	-	-
Other financial investments	27	663,700,931	1,183,034,449	487,392,406	988,520,098
Cash and cash equivalents	28	1,981,173,884	1,085,399,985	1,444,399,614	680,503,274
Total current assets		**10,267,132,264**	**9,511,768,125**	**9,482,874,527**	**8,738,362,744**
Total assets		**16,118,024,907**	**15,317,117,370**	**14,255,690,900**	**13,532,404,517**

	Note	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
EQUITY AND LIABILITIES					
Equity					
Share capital	29	56,345,500	56,345,500	56,345,500	56,345,500
Share premium	29	27,814,500	27,814,500	27,814,500	27,814,500
Claim equalization reserve	29	76,160,821	74,021,509	-	-
Currency translation reserve	29	334,411	334,411	-	-
General reserve	29	1,531,536,422	1,378,846,427	1,522,254,612	1,369,564,617
Fair value reserve	29	42,896,875	48,547,102	(2,100,000)	(7,234,148)
Retained earnings		4,857,907,175	4,331,763,445	4,019,782,256	3,509,418,988
Equity attributable to owners of the Company		**6,592,995,704**	**5,917,672,894**	**5,624,096,868**	**4,955,909,457**
Non-controlling interests	30	30,068,283	25,894,135	-	-
Total equity		**6,623,063,987**	**5,943,567,029**	**5,624,096,868**	**4,955,909,457**
LIABILITIES					
Non-current liabilities					
Loans and borrowings	31.2	2,027,926,153	853,985,320	2,027,926,154	811,013,583
Deferred income	35	30,413,107	31,876,865	40,943,699	45,267,113
Deferred tax liability	11.4	9,172,453	10,197,496	-	-
Lease liabilities	32	261,184,358	267,241,594	175,310,599	190,812,986
Defined benefit obligation	33	116,683,961	103,803,130	88,101,994	75,612,662
Total non-current liabilities		**2,445,380,032**	**1,267,104,405**	**2,332,282,446**	**1,122,706,344**
Current liabilities					
Loans and borrowings	31.3	2,208,013,933	3,043,051,112	2,130,964,987	3,101,038,266
Trade and other payables	34	3,665,570,976	3,509,158,825	3,279,609,527	3,174,995,398
Lease liabilities	32	118,650,706	199,391,768	95,045,593	186,959,607
Deferred income	35	9,464,981	9,273,484	4,323,414	4,323,414
Insurance contracts liabilities	26.2	416,700,244	520,105,451	-	-
Reinsurance contracts	26.2	17,115,383	4,484,859	-	-
Current tax liabilities	38	87,385,235	59,076,908	78,180,164	52,388,192
Amounts due to related parties	39	421,351,185	320,523,283	605,859,657	492,703,594
Bank overdrafts	28	105,328,244	441,380,246	105,328,244	441,380,246
Total current liabilities		**7,049,580,888**	**8,106,445,936**	**6,299,311,586**	**7,453,788,716**
Total liabilities		**9,494,960,920**	**9,373,550,341**	**8,631,594,032**	**8,576,495,060**
Total equity and liabilities		**16,118,024,907**	**15,317,117,370**	**14,255,690,900**	**13,532,404,517**

To download the full set of financial statements with notes https://sto.mv/pages/fs2025

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2025

GROUP	Attributable to owners of the Company									
	Share capital	Share Premium	Claim equalization reserve	Currency translation reserve	General reserve	Fair value reserve	Retained earnings	Total	Non-Controlling Interest	Total
Balance at 1st January 2024	56,345,500	27,814,500	74,021,509	334,411	1,230,554,713	38,453,352	3,806,240,942	5,233,764,926	25,575,817	5,259,340,744
Profit for the year	-	-	-	-	-	-	770,472,086	770,472,086	1,897,958	772,370,044
Remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	(6,505,069)	(6,505,069)	20,360	(6,484,709)
Total comprehensive income for the year	-	-	-	-	-	-	763,967,017	763,967,017	1,918,318	765,885,335
Transfer to / (from) during the year										
- General reserve	-	-	-	-	148,291,714	-	(148,291,714)	-	-	-
Net change in fair value of equity investments at FVOCI - net of tax	-	-	-	-	-	10,093,750	-	10,093,750	-	10,093,750
Transactions with owners of the Company										
Dividends (Note 29.4)	-	-	-	-	-	-	(90,152,800)	(90,152,800)	(1,600,000)	(91,752,800)
Total transactions with owners of the Company	-	-	-	-	-	-	(90,152,800)	(90,152,800)	(1,600,000)	(91,752,800)
As at 31st December 2024	**56,345,500**	**27,814,500**	**74,021,509**	**334,411**	**1,378,846,427**	**48,547,102**	**4,331,763,445**	**5,917,672,892**	**25,894,135**	**5,943,567,028**
Balance at 1st January 2025	56,345,500	27,814,500	74,021,509	334,411	1,378,846,427	48,547,102	4,331,763,445	5,917,672,892	25,894,135	5,943,567,028
Profit for the year from continuing operations	-	-	-	-	-	-	780,890,253	780,890,253	4,339,464	785,229,717
Remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	(4,630,268)	(4,630,268)	94,784	(4,535,484)
Total comprehensive income for the year	-	-	-	-	-	-	776,259,985	776,259,985	4,434,248	780,694,233
Transfer to / (from) during the year										
- General reserve	-	-	-	-	152,689,995	-	(152,689,995)	-	-	-
- Claim equalization reserve	-	-	2,139,312	-	-	-	(2,139,312)	-	-	-
Net change in fair value of equity investments at FVOCI - net of tax	-	-	-	-	-	(5,650,227)	(5,134,148)	(10,784,375)	-	(10,784,375)
Transactions with owners of the Company										
Redeemable preference shares	-	-	-	-	-	-	-	-	(100)	(100)
Dividends (Note 29.4)	-	-	-	-	-	-	(90,152,800)	(90,152,800)	(260,000)	(90,412,800)
Total transactions with owners of the Company	-	-	-	-	-	-	(90,152,800)	(90,152,800)	(260,100)	(90,412,900)
As at 31st December 2025	**56,345,500**	**27,814,500**	**76,160,821**	**334,411**	**1,531,536,422**	**42,896,875**	**4,857,907,175**	**6,592,995,702**	**30,068,283**	**6,623,063,987**

To download the full set of financial statements with notes https://sto.mv/pages/fs2025

STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2025

COMPANY	Attributable to owners of the Company					
	Share capital	Share premium	General reserve	Fair value reserve	Retained earnings	Total
Balance at 1st January 2024	56,345,500	27,814,500	1,221,272,903	(7,234,148)	3,012,330,299	4,310,529,054
Profit for the year	-	-	-	-	741,458,572	741,458,572
Other comprehensive loss, net of tax	-	-	-	-	(5,925,370)	(5,925,370)
Total comprehensive income for the year	-	-	-	-	735,533,203	735,533,203
Transfer to / (from) during the year						
- General reserve	-	-	148,291,714	-	(148,291,714)	-
Transactions with owners of the Company						
- Dividends (Note 29.4)	-	-	-	-	(90,152,800)	(90,152,800)
Total transaction with owners of the Company	-	-	-	-	(90,152,800)	(90,152,800)
As at 31st December 2024	**56,345,500**	**27,814,500**	**1,369,564,617**	**(7,234,148)**	**3,509,418,988**	**4,955,909,457**
Balance at 1st January 2025	56,345,500	27,814,500	1,369,564,617	(7,234,148)	3,509,418,988	4,310,529,054
Profit for the year	-	-	-	-	763,449,973	763,449,973
Other comprehensive Loss, net of tax	-	-	-	-	(5,109,761)	(5,109,761)
Total comprehensive income for the year	-	-	-	-	758,340,211	758,340,211
Transfer to / (from) during the year						
- General reserve	-	-	152,689,995	-	(152,689,995)	-
Net change in fair value of available-for-sale financial assets - net of tax	-	-	-	5,134,148	(5,134,148)	-
Transactions with owners of the Company						
- Dividends (Note 29.4)	-	-	-	-	(90,152,800)	90,152,800)
Total transaction with owners of the Company	-	-	-	-	(90,152,800)	(90,152,800)
As at 31st December 2025	56,345,500	27,814,500	1,522,254,612	(2,100,000)	4,019,782,256	5,624,096,868

To download the full set of financial statements with notes https://sto.mv/pages/fs2025

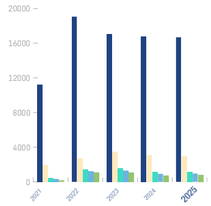
STATE TRADING ORGANIZATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS

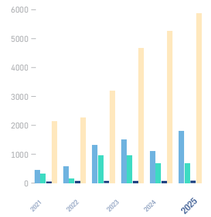
FOR THE YEAR ENDED 31ST DECEMBER 2025

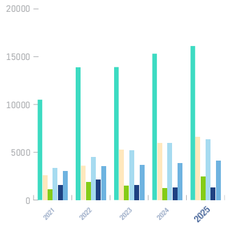
	Note	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Cash flows from operating activities					
Profit before tax		962,157,802	927,272,869	914,420,563	846,150,388
Adjustments for:					
Depreciation on property, plant and equipment	13	240,882,536	214,374,015	132,296,922	115,337,106
Depreciation on investment properties	14	6,584,080	6,584,080	6,584,080	6,584,080
Amortization on right-of-use assets	19	77,765,061	84,943,635	56,104,874	70,991,546
Interest on lease liabilities	9	42,577,122	33,471,464	29,529,062	26,891,049
Amortization of intangible assets	15	20,096,842	13,179,385	14,041,690	10,156,861
Gain on derecognition of right of use assets		(779,843)	(1,528,333)	(779,843)	(1,528,333)
Capital work-in progress written off	15.3	13,805,310	13,052,200	38,618,070	-
Capital work-in progress disposed	13	656,663,809	-	656,663,809	-
Gain on disposal of property, plant and equipment	8	(22,951,443)	(287,962)	(19,806,033)	(248,304)
Provision for impairment of investment in subsidiaries	10	-	-	40,125,015	28,602,609
Provision for impairment of investment in Hulhumale' hotel	14	(369,104,671)	-	(369,104,671)	-
Impairment of capital work-in progress	10	-	486,350	-	-
Provision for impairment of trade, other and related party receivable	10	110,358,275	282,090,970	10,298,929	84,120,293
Provision of impairment for slow moving inventories	21.1	68,721,340	66,783,551	68,520,552	67,351,940
Provision for defined benefit obligation	33	11,843,393	10,495,115	8,411,353	7,116,410
Receivable written off	10	-	5,789,851	14,862,875	5,789,853
Share of profit of equity - accounted investees, net of tax	18	(16,123,567)	(13,482,880)	-	-
Interest expense	9	300,128,274	393,434,301	297,364,581	386,470,910
Interest income	9	(100,115,961)	(90,928,632)	(42,982,397)	(45,540,742)
Dividend income	9	(4,517,300)	(4,207,500)	(46,754,676)	(54,399,800)
Operating profit before working capital changes		1,997,991,059	1,941,522,479	1,808,414,755	1,553,845,866
Working capital changes					
Change in inventories		(54,975,102)	195,429,800	(10,074,011)	132,905,909
Change in trade and other receivables		(195,712,115)	(596,983,833)	(191,449,487)	(223,792,950)
Change in amount due from related parties		(360,374,892)	(479,322,524)	(382,618,228)	(600,536,812)
Changes in reinsurance contract assets		34,720,904	459,519	-	-
Changes in insurance contract assets	25	50,912,604	(77,274,994)	-	-
Changes in deferred revenue		(1,272,261)	(3,678,178)	(4,323,417)	(4,323,417)
Change in amount due to related parties		100,827,902	110,503,780	113,156,063	186,026,990
Change in trade and other payables		83,025,707	(48,095,687)	31,227,685	(144,310,549)
Changes in reinsurance contract liabilities		12,630,525	3,771,171	-	-
Changes in insurance contract liabilities	37	(103,405,207)	82,068,947	-	-
Cash generated from operating activities		1,564,369,122	1,128,400,480	1,364,333,360	899,815,035
Interest paid		(332,061,954)	(400,780,485)	(316,250,201)	(387,236,679)
Gratuity paid		(4,298,425)	(3,178,449)	(1,933,505)	(2,030,690)
Income tax paid	38	(168,219,818)	(326,036,873)	(128,769,833)	(224,317,553)
Net cash generated from operating activities		**1,059,788,925**	**398,404,667**	**917,379,821**	**286,230,114**
Cash flows from investing activities					
Purchase and construction of property, plant and equipment	13	(632,692,281)	(309,592,881)	(516,192,743)	(243,949,992)
Purchase of intangible assets	15	(4,791,158)	(49,298,031)	-	(39,781,390)
Proceeds from sales of property, plant and equipment		25,398,523	2,440,477	22,013,270	282,703
Investment in associates	17	(61,680,000)	(123,360,000)	(61,680,000)	(123,360,000)
Investments in finance leases	20	-	-	4,311,104	23,431,653
Purchase of other financial instruments	27	(795,170,292)	(1,523,893,761)	(586,511,864)	(1,327,174,158)
Proceeds from sales of other financial instruments	27	1,321,961,491	557,342,391	1,097,395,140	159,600,000
Interest received		100,115,961	90,928,632	42,982,397	45,540,742
Dividend received		16,517,300	14,207,500	51,506,551	60,146,201
Net cash used in investing activities		**(30,340,456)**	**(1,341,225,676)**	**53,823,857**	**(1,445,264,240)**
Cash flows from financing activities					
Loans and borrowings obtained	31	247,960,143	1,514,502,167	89,600,000	1,514,502,167
Repayments of borrowings	31	(35,074,753)	(1,066,879,273)	31,221,027	(1,019,331,707)
Loans and borrowings obtained for working capital	31	7,225,616,102	5,226,084,192	7,225,616,102	5,226,084,192
Principal lease payments	32	(119,499,766)	(124,739,188)	(101,328,273)	(111,043,623)
Repayments of working capital loans and borrowings	31	(7,099,597,837)	(5,537,701,818)	(7,099,597,837)	(5,537,701,818)
Redemption of preference shares	30	(100)	-	-	-
Dividend paid		(17,026,357)	(16,038,635)	(16,766,356)	(14,438,635)
Net cash (used in) / generated from financing activities		**202,377,432**	**(4,772,556)**	**128,744,663**	**58,070,576**
Net increase in cash and cash equivalents		**1,231,825,901**	**(947,593,565)**	**1,099,948,341**	**(1,100,963,550)**
Cash and cash equivalents at beginning of the year		**644,019,739**	**1,591,613,304**	**239,123,028**	**1,340,086,578**
Cash and cash equivalents at end of the year	**28**	**1,875,845,640**	**644,019,739**	**1,339,071,370**	**239,123,028**

To download the full set of financial statements with notes https://sto.mv/pages/fs2025

5 Year Group Financial Highlights







Earnings	2021	2022	2023	2024	2025
Revenue	11,236	19,064	17,070	16,760	16,683
Gross Profit	1,917	2,709	3,124	3,088	2,999
Operating Profit	451	1,462	1,586	1,188	1,176
Profit before tax	288	1,215	1,293	927	962
Profit for the year	186	1,072	1,087	772	785
Share Data					
Price per share, at year end, MVR	581	1,331	1,500	1,098	1,800
Earnings per share, MVR	165	952	964	684	693
Dividend per share, MVR*	65	77	80	80	85
Net assets per share, MVR	2,277	3,189	4,667	5,274	5,877
No. of shares	1,126,910	1,126,910	1,126,910	1,126,910	1,126,910
Key Ratios					
Return on equity, %	7.4%	34.8%	24.5%	13.8%	12.5%
Return on capital employed (ROCE)	5.3%	12.6%	13.9%	8.8%	8.7%
Equity/asset ratio, %	24.4%	25.9%	37.8%	38.8%	41.1%
Net debt/equity ratio	2.29	2.24	1.17	1.27	1.03
Interest coverage ratio	2.25	5.64	4.45	2.74	3.18
Dividend yield, at year end, %	11.2%	5.8%	5.3%	7.3%	4.7%
Financial Position and Cash Flow					
Total assets	10,501	13,867	13,913	15,317	16,118
Equity	2,566	3,593	5,259	5,944	6,623
Non-current liabilities	1,089	1,908	1,503	1,267	2,445
Trade and other receivables (including loans)	3,341	4,480	5,175	5,937	6,372
Inventories	1,556	2,144	1,556	1,294	1,280
Trade and other payables	3,016	3,514	3,692	3,830	4,087
Net Operating cash flow	436	141	1,697	398	1,060

To download the full set of financial statements with notes https://sto.mv/pages/fs2025

State Trading Organization plc.

Legal form:
A Public Listed Company with limited liability. Initially incorporated as a Government Company - Athireemaafannu Trading Account (ATA) on 20th December 1964. Renamed as State Trading Organization on 9th June 1979. Changed to a public listed company on 14th August 2001.

Registration Number C-0186/2001

Stock exchange listing:
Ordinary shares of the Company are listed at the Maldives Stock Exchange Company Pvt Ltd

Registered address:
State Trading Organization plc.
Kan'baa Aisa Rani Hingun,
Maafannu, Malé 20345 Republic of Maldives

Call Centre: 1422

Thank you to all our employees, customers, shareholders, suppliers and other stakeholders. We are proud to be working with you to support and build a more sustainable Community. Together, let's continue to enrich lives.